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WEATHER-COMICS PAGE.

To Silence Watergate Burglars

Other Tapes Indicate Nixon Saw Early of 'Hush Money'



ard Nixon

Bhutto, Leader Military

ISLAMABAD, May 1 (UPI)—Pakistan's most popular leader appealed today to the people to disobey Prime Minister Zulfikar Ali Bhutto and said the government would not end until Mr. Bhutto was removed from power.

Mr. Bhutto, who is acting as the PNA while the opposition leaders are in jail, said earlier yes-negotiations between the PNA and the PNA were through Arab media.

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of the mediators, Khalid, foreign minister of Arab League, resigned yesterday morning, replicating the picture, dent Mufti Marikana, was taken from the where he was being military hospital for atment.

in, in his statement, officers of the nation's ces to refuse orders Bhutto's "unlawful" t. The opposition has e allegedly rigged elec- t give Mr. Bhutto a o continue in office.

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ng on opposition sup- the army in Karachi was "unpardonable," said. Dozens died in t.

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for Kidnappers
ed by President
ALVADOR, May 1 (AP). at Arturo Armando aid the government will in to demands for the 137 political prisoners in for kidnapped Foreign Maurice Borgono, Borgono is harmed, possibility will fall ex- on the kidnappers," Mr. said in a radio and tele- roadcast Friday night.

'Goddamn' hush money, uh, how are we going to [unintelligible] how do we get this stuff...'

Richard Nixon, Jan. 8, 1973.

By Bob Woodward and Scott Armstrong

WASHINGTON, May 1 (WP).—Former President Richard Nixon was aware in early January, 1973, that "hush money" was being sought to keep the Watergate burglars silent, according to transcripts of White House tape recordings never before made public.

Mr. Nixon has maintained, and no previous tapes have contradicted, that he first learned of the requests for the "hush money" from White House counsel John Dean 3d at a March 21, 1973, meeting in the Oval Office. The date became Mr. Nixon's principal line of defense in rebutting charges that he was aware of the Watergate cover-up earlier than March 21.

Yet 2 1/2 months earlier, in a Jan. 8, 1973, meeting with his special counsel and intimate, Charles Colson, Mr. Nixon said, "Goddamn hush money, uh, how are we going to [unintelligible] how do we get this stuff..." according to a newly available transcript.

This conversation took place a week before the first news articles appeared about support payments to the Watergate burglars. It had particular relevance because the first Watergate trial began that day. The "hush money" reference is the first such reference in the available White House transcripts.

This and other new transcripts show that Mr. Nixon was keenly aware that these payments were central to the cover-up and, if revealed, would present his greatest personal criminal vulnerability.

[Reuters reported that the tapes were obtained by British television interviewer David Frost seven months ago, in connection with his interviews of Mr. Nixon.]

[According to Richard Zelnick, a Frost aide, Mr. Nixon was confronted with the taped material in the Frost interviews. He did not show the former president respected but described the atmosphere between the two men as "tense."]

[The first of the four Nixon-Frost interviews will be shown Wednesday in the United States.] The transcripts also contain the first documentation that:

• Mr. Nixon feared Dean would expose his contact with Thomas Pappas, a major Republican fund-raiser allegedly involved in raising "hush money."

• Mr. Nixon privately expressed concern that the cover-up might be unraveled a month before Watergate burglar James McCord exposed it publicly.

• Mr. Nixon and his top aide, H. R. Haldeman, intended to use the then secret presidential taping system to rebut Dean's charges while still keeping the

system secret from even the most senior White House officials.

• Mr. Nixon characterized two Supreme Court justices as "boobs."

The new transcripts were among 27 prepared for the Watergate cover-up trial, but never made public. Several were withheld because the participants, Mr. Nixon and Colson, were not on trial.

In September, 1974, President Ford pardoned Mr. Nixon for any crimes he may have committed during his term and a half as president. Colson pleaded guilty in another case.

The Hush Money

The Jan. 8 Nixon-Colson meeting in which Mr. Nixon asked about "hush money" reveals a degree of early cover-up discussion by Mr. Nixon not previously known.

The discussion opened with Colson reassuring Mr. Nixon that none of the defendants in the first Watergate trial would testify. Within a week, five of seven defendants had pleaded guilty.

The day before the Jan. 8 meeting, then Senate Majority Leader Mike Mansfield, D-Mont., announced that a Senate committee would conduct a full-scale probe of Watergate. Mr. Nixon and Colson expressed concern that a Senate committee would present a greater problem than the trial of the seven defendants.

"We've got to play every string we've got here, don't you agree?" Mr. Nixon said. "Goddamn it, the Congress has voted the investigation while they are still in—I think that's why the court proceeding has its advantage. As long as that court proceeding is on, the Congress should keep its goddamn hands out."

Mr. Nixon characterized former

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FLIGHT AND PURSUIT—A woman uses cloth to protect herself from tear gas fired by police during Madrid demonstration. Below, police move in on demonstrators.



Clashes Also Erupt in Spain

39 Slain as Gun Battle Shatters Turkish Rally

Spain

MADRID, May 1 (UPI)—In Spain's most violent May Day since the Civil War, thousands of helmeted riot police fired rubber bullets and smoke flares today to disperse crowds of leftists trying to celebrate the labor holiday despite a government ban.

At Madrid hospitals 200 persons were treated for injuries, the Socialist General Union of Workers said. They included a 40-year-old man hit in the face by a police smoke flare. Bilbao hospitals reported 15 injured. Dozens of persons were arrested. The national news agency, Citra, said shots were fired in central Madrid's Puencarral area—some by 15 suspected rightists

who attacked leftist demonstrators and others by the passengers of a car who fired a submachine gun at a police jeep.

Citra said the occupants of the car—two men and a woman—were later arrested. It was not known whether the shots hit anyone.

The violence erupted three days after the formerly outlawed labor unions applied for legalization under a new law which, the government has said, grants Spanish workers the rights that labor enjoys in other Western countries.

Surprise Decision
But in a surprise decision Friday—while Premier Adolfo Suarez, now back in Madrid, was meeting with President Carter in Washington—Interior Minister Rodolfo Martin Villa banned the May Day celebrations which the unions had planned in 40 cities.

The Interior Ministry said it did so because of a danger of violence. Labor spokesmen said the celebrations would be held anyway, because they had taken all measures to guarantee that the meetings would be orderly.

Political sources said the government's true motive for the ban was to avoid causing new irritation to the army, which had shown a strong backlash to the recent legalization of the Communist party.

Here in Madrid, revolutionary groups tried to stage demonstrations at various parts of the city center. The three main labor unions—one Communist and the others Socialist-dominated—called for an orderly rally at a football stadium in the workers' suburb of Vallecas and said they expected it to draw more than 100,000 persons.

Police Move In
As helicopters hovered overhead, police blocked all roads leading to the stadium. Riot squads and mounted police moved in on the crowds walking toward the stadium in groups of up to a few hundred. The marchers carried red flags and banners demanding workers' rights and chanting "Unity, unity." They were orderly at that time.

Police fired rubber bullets and

(Continued on Page 2, Col. 4)

Turkey

ISTANBUL, May 1 (Reuters)—At least 39 persons were killed and about 200 wounded today when a huge May Day rally in central Istanbul turned into a gun battle with ultra-leftists pitted against police and trade unionists, police said.

Panic broke out as bursts of shots scattered a crowd estimated at about 150,000 in Taksim Square. Snipers on rooftops exchanged fire with police as people scrambled for cover. Cars went up in flames and exploded.

The windows of hotels, banks and office buildings around the square were shattered by bullets and stones during two hours of clashes. At the end, at least three busloads of people were driven away under police guard, witnesses said. Police did not say how many arrests were made.

At least one policeman was known to have been killed. Another policeman was reported to be in a coma.

Late tonight, occasional shots were still heard in the area, which was littered with broken glass and debris. After paramilitary guards moved in to restore order.

The rally was organized by one of Turkey's two big labor confederations, the leftist Disk group. Up to 2,000 ultra-leftists had tried to join the march but were kept at a distance from one of the huge columns of marchers, witnesses said.

Volley of Shots

The firing began as Disk chief Kemal Turkler addressed the crowd. He had just called on the ultra-leftists, many of whom are self-proclaimed Maoists, to join the workers in promoting socialism when, according to witnesses, a volley of shots rang out from nearby rooftops.

There also were unconfirmed reports of bombs being thrown into the vast square. As people screamed and tried to find cover, police set off smoke bombs to obscure the snipers' field of vision.

Battles erupted in several central areas of the city.

Police exchanged fire with groups of snipers, many of whom were finally trapped in buildings around the square.

Premier Suleyman Demirel summoned his Cabinet to an emergency session in Ankara tonight to discuss the situation.

The violence broke out as the campaign for Turkey's June 5 general elections gained momentum. The campaign had already been marked by growing violence.

Spill Leaves 45 by 30-Mile Slick

North Sea Oil-Well Blowout Capped on 9th Day

By R. W. Apple Jr.

STAVANGER, Norway, May 1 (NYT)—A crew of U.S. and Norwegian workmen succeeded yesterday in capping the offshore well that shot out of control on Friday, April 22, and dumped millions of gallons of crude oil into the North Sea between Norway and Britain.

Paul (Red) Adair, the oil-disaster expert from Texas, was on the platform when the geyser of brownish oil finally died shortly after 11 a.m. With him were two of his aides, representatives of the Phillips Petroleum Co., which operated the well, and

employees of Moran International, a drilling subcontractor. A dozen men took part in the final effort, the fifth in the last three days.

But Mr. Adair, who arrived Friday, had no hand in developing the strategy that finally succeeded. It was formulated by the manufacturers of one of the pieces of equipment used in the capping.

Robert Archambeault, Phillips' engineering manager, said that the well, named Bravo 14, was sealed off by closing hydraulically operated blind rams—half of steel faced with hard rubber—similar to those that had twice failed to hold on Thursday.

They held this time, he said, because greater pressure was applied.

It was Mr. Archambeault, at Phillips' Norwegian headquarters near here, who received the first word of the success from the Ekofisk field, 180 miles west of Stavanger. Forrest Morgan, the company's offshore manager, reported in a telephone call "Bob, I think we've got this thing whipped."

Cheers and whoops of triumph erupted at the headquarters and employees celebrated with champagne delivered by Joyce Goering, wife of the head of Phillips' Norwegian subsidiary.

"The danger is past," Mr. Archambeault said, after hundreds of barrels of a mud compound had been pumped down the well shaft.

About 7.5 million gallons of oil lay on the water around the platform, according to official estimates. Much more than that was spilled, but some of it evaporated and some of it mixed with the sea water and sank.

The Norwegian government estimated that the slick covered an area about 45 miles long by 30

miles wide, with patches of open water within that area. It was drifting slowly to the northwest, away from Norway and toward Scotland.

Hans Christian Bugge, director of the Norwegian anti-pollution agency, said that there was "no real chance" of the slick reaching any coast. He also asserted that the biological effects—harm to fish, birds and other marine life—would be "relatively small" despite the enormous amount of oil that was spilled.

After an inspection tour, two experts from the U.S. Coast Guard recommended that U.S. oil-skimming equipment not be sent to Norway.

U.S. Comdr. Frank Boersma of the Coast Guard's Pacific strike team, based in San Francisco, said that "weather and wave action in the next four days will virtually eliminate any visible oil slick and we can't pick up what we can't see."

There was still some fear, however, of the aftereffects of the spill, the worst since North Sea production began.

Norwegian officials who have

(Continued on Page 2, Col. 1)

Action Bolsters New Delhi Government

Ram's Party and Janata Merge in India

By William Borders

NEW DELHI, May 1 (NYT)—Defense Minister Jagjivan Ram announced today that his political party, the Congress for Democracy, would formally merge with the ruling Janata party, adding more political strength to the government of Prime Minister Morarji Desai.

Mr. Ram's decision, which he had been resisting since he founded the party three months ago, was announced at a jubilant convention of the Janata party, the first meeting after the party had formally come into existence through the merger of four other parties.

The four parties hastily joined forces early this year, united by their common opposition to the government of Prime Minister Indira Gandhi, whom they succeeded in turning out of office in the March parliamentary election. As much as it was a convention, today's mass meeting of their workers was a celebration of that surprising victory.

"Our strength lies in our unity," Prime Minister Desai told the thousands of cheering delegates, who were squeezed into an exhibition hall decorated with marigolds and orange-and-green party flags. "Our party must remain absolutely united and work for the progress and prosperity of the masses."

The parties, whose alliance Mrs. Gandhi had dismissed during the election campaign as



Jagjivan Ram

"an ideological hodge-podge," had met individually in recent days to adopt resolutions submerging their separate identities in the new party called Janata, the Hindi word for "people's."

The decisions were formally announced this morning in short statements by the leaders of the four parties: Ashoka Mehta of the old Congress party, Communications Minister George Fernandes of the Socialist party, Information Minister L.K. Advani of the Jan Sangh, and Home

Minister Charan Singh of the Bharatiya Lok Dal. Like Prime Minister Desai and many others in the new government, all four of those party leaders spent some time in jail under Prime Minister Gandhi's government.

Defense Minister Ram, on the other hand, was a member of the Gandhi government and of every previous Indian government since independence 30 years ago. His dramatic entrance today, to thunderous shouts of "Long live the respected leader," was a reflection of his political staying power.

Mr. Ram, who defected from Mrs. Gandhi's Congress party and from her government on Feb. 2, turning the whole election campaign around, had kept his party separate from the Janata, although allied, so that it could be a magnet for other defectors from the ranks of the Congress party. But he explained today that he had decided to change from an alliance to an outright merger because of the state elections that are expected to be held next month, and because of the way that Acting President B.D. Jatti, a Congress party stalwart, had tried to delay them.

But yesterday Mr. Jatti signed a draft proclamation by the Cabinet calling for dismissal of the nine state governments controlled by the Congress party. Mr. Desai sent Mr. Jatti the draft Friday for signature. The Acting President said he needed time to consider the matter. He delayed signing for 24 hours.



VICTORY TOAST—Paul (Red) Adair (left) and fellow Texan Angsar (Boots) Hansen celebrate the capping of the blown-out Ekofisk Bravo oil rig in the North Sea.

Assad Said to Reject Request By Russia for Military Bases

By Stuart Auerbach

DAMASCUS, May 1 (WP).—The Soviet Union asked Syria to provide it with military "facilities" but the request was refused, according to a source present during Syrian President Hafez al-Assad's talks last week in Moscow with Soviet leaders.

While the Russians did not use the word bases in their request, the highly placed Syrian source said the intent was obvious. "They wanted to establish military bases on our soil," he said.

The request was made at a time when the Soviet Union is consolidating its influence in the region of the Red Sea, where Somalia has given the Soviet Union limited base facilities for

planes and ships in exchange for Soviet arms.

But the Soviet Union also needs bases in the eastern Mediterranean for its 60-ship fleet, which has sailed those waters since the mid-1960s. The Russians had been using the Egyptian port of Alexandria but, now that relations are badly strained between Egypt and the Soviet Union, they need other facilities for refueling and repairing ships.

Unlike the U.S. Navy, which can refuel at sea, the Soviet Union needs bases to take care of its fleet.

Tactical Support

Moreover, since the Soviet Navy does not have aircraft carriers, it needs nearby air bases for land-based planes that provide tactical support for its ships.

Syria has two small ports, at Latakia and Tartus, on its 100-mile-long Mediterranean coast. The Syrian Navy is the smallest branch of Syria's armed forces. Of about 137,000 men under arms, only 2,500 are sailors.

Soviet ships in the past have used the Syrian ports for refueling and repairs. But the Russians have no permanent bases or facilities there. Nonetheless, one of the promises the Soviet Union was reported to have made to Mr. Assad was to assist in improving the port at Latakia.

According to a source in the presidential party, Mr. Assad was firm in telling the Soviet leaders that they could not build military bases on Syrian soil.

Mr. Assad told the Soviet leaders that such a request makes them no better than the "imperialists" powers—an obvious reference to the United States—that they are always decrying, the source said.

The Syrian leader also turned down a Soviet request to issue a statement supporting the invasion of Zaire by Katangans who had been in exile in Angola.



MARITAL SUPPORT—The wives of policemen march in London yesterday to support demands by husbands for better pay. Escorting demonstrators are policewomen.

Racial Incidents Signal Trouble

U.K. May Face Violent Summer

LONDON, May 1 (AP)—Race relations workers warn that tension is mounting in Britain's non-white communities amid an apparently systematic campaign of violence by white extremists that could produce another summer of racial trouble.

The offices of black organizations and eight government-sponsored community relations councils have been attacked in the last two months, they reported last week.

There has been a steady undercurrent of sporadic racial violence in British cities recently and at least two nonwhites have been killed by white youngsters.

Nonwhite community leaders

and race relations specialists fear that the campaign of hostility could set off violence like last summer's in which at least five persons were slain and police fought a six-hour battle with black rioters in west London.

The attacks on offices and the homes of community relations officers indicate "something new is in the air," said A. Sivanandan, the Indian director of the Race Relations Institute in London.

"The pattern has changed dramatically since last summer," he noted. "It's organizations now which are being attacked and moderate organizations within the immigrant community."

"This is not the random violence of the streets. This has the look of an organized campaign." Community relations officials noted that last year's violence was touched off by the arrival of refugees from Malawi, which struck a raw nerve among hard-up Britons who feared being swamped by nonwhites.

The officials believe a similar trigger is all that is needed for another wave of trouble.

The raids have taken place

Egypt Will Run Zaire Air Force To Repel Rebels

CAIRO, May 1 (UPI)—Egypt will operate Zaire's entire air force to help it crush the invasion of its southern Shaba Province, Egyptian officials announced today.

In a May Day speech at the Mediterranean port of Alexandria, Mr. Sadat said he had decided on this aid because the invasion of Shaba posed a threat to neighboring Sudan and the sources of the Nile which are vital to Egypt.

He said he also acted out of gratitude to Zaire's President Mobutu Sese Seko for his support of Egypt and the Arabs in the conflict with Israel since 1973.

Mr. Sadat also disclosed that China has sent arms, ammunition and other military equipment to Zaire. This was the first disclosure of the nature of Chinese assistance to the Kinshasa government.

Although Mr. Sadat did not say so, his pledge meant Egyptian pilots and ground and other support crews will be sent to Zaire immediately.

Israelis Plant New Settlement On West Bank

TEL AVIV, May 1 (UPI)—More than a dozen civilians settled in the occupied West Bank of Jordan today, 11 days after a group of soldiers set up an advance camp for them.

The settlement at Marsha is the first to be established in the West Bank in more than a year and the first to be placed in Western Samaria since the 1967 Middle East war.

The West Bank was captured from Jordan nearly a decade ago. Fifteen men from Gush Etzion, the rightist religious group that is behind the settlement, were joined for the day by several dozen supporters at the government-authorized site.

It is located about four miles east of Israel's pre-1967 border, near the West Bank town of Tulikarm and in a sparsely populated area. A spokesman for the settlers said they will sleep in tents until apartments for their families are completed by the Housing Ministry, which is expected within two weeks.

against a background of increasing political activity and propaganda by the National Front, an ultra-rightist party that long has campaigned for the end of all nonwhite immigration to Britain.

The Front's showing in recent municipal elections and other polls has raised fears among nonwhites that the party is gaining support.

Police have investigated the latest attacks but no arrests have been reported. However, there have been scores of arrests after clashes between white and non-white youngsters.

U.K. Bolsters Ulster Forces For Walkout

BELFAST, May 1 (UPI)—The British government sent 600 more soldiers to Northern Ireland today and said another 600 would arrive tomorrow to back up security forces in the face of a call by militant Protestant groups for a general strike.

Militant Ulster loyalists led by the Rev. Ian Paisley announced that the strike would begin at midnight tomorrow. Extremist Protestant paramilitary groups said they supported the strike call although many Ulster residents indicated they might try to ignore it.

The battalion of the Royal Welsh Fusiliers that arrived today and the battalion of Royal Green Jackets due tomorrow were ordered in "as a sensible precaution" and will be held in reserve "to assist the Royal Ulster Constabulary in the maintenance of law and order if the situation should so demand," the British Army said.

Northern Ireland Secretary Roy Mason was to meet unionist members with United Unionist Action Council leader Ernest Baird in hope of heading off the strike.

Mr. Baird told reporters tonight: "I am going in to get an agreement with him but I will not be used to con the people we represent. Mr. Mason will have to put forward something concrete."

Backing Promised

Mr. Mason has promised resolute backing for trade unions and workers who ignore intimidation and keep industry and commerce going.

"It takes courage on their part to stand out against intimidation and threatened retaliatory action if they go on with their very proper course of earning their living," Mr. Mason said.

Leaders of 10 Northern Ireland trade unions have backed the Irish Congress of Trade Unions in its opposition to the strike. They said the strike called by Mr. Paisley's United Unionist Action Council "will create fear and disrupt the economy." They urged every worker to report for normal duty and every employer to announce that factories will be operating.

There are about 15,000 British troops in Northern Ireland and nearly 8,000 part-time soldiers of the Ulster Defense Regiment have been called up for full-time duty.

Strike Forces El Al To Cut Back Flights

TEL AVIV, May 1 (AP)—A strike disrupted the schedule of El Al, the national airline, causing a near riot by hundreds of stranded passengers today at Ben-Gurion International Airport.

El Al canceled 10 flights to the United States and Europe after most of its 500 aircraft maintenance men, who are demanding a 33-hour week, failed to turn up for work.

The workers agreed to resume negotiations and ended their strike at midnight.

Perez Visits Emirates

BAGHDAD, May 1 (Reuters)—Venezuelan President Carlos Andres Perez returned here tonight after a six-hour visit to the United Arab Emirates, where he had talks about oil-pricing policies. He is touring six Middle East oil states.

May Day Marked by Violence in Western Capital

From Wire Dispatches

LONDON, May 1—Street violence in the West and official rallies extolling Communism in the East marked May Day, the international day of the workers.

Riot police clashed with demonstrators and in some cases resorted to tear gas, smoke bombs and rubber bullets to break up demonstrations in Madrid, Rome and Athens.

The Communist world had its traditional May Day observances of officially staged demonstrations contrasting the virtues of Communism with the evils of capitalism.

In Moscow, Soviet leader Leonid Brezhnev and other Kremlin leaders stood on the balcony of the Lenin Mausoleum overlooking Red Square to watch the passing pageant.

In Peking, the celebrations were turned into a propaganda spectacle lauding Chairman Hua Kuo-feng and his victory over radical opponents.

The scene was less serene in some West European countries. Hundreds of policemen were in action in Spanish cities to enforce a government ban on May Day celebrations.

In Rome, riot police fired tear-gas grenades to disperse an unauthorized rally by hundreds of leftist demonstrators. The Interior Ministry allowed only one trade union rally because a policeman was slain in a recent clash with students.

In Athens, 12 policemen were injured and 20 demonstrators arrested in a clash outside the offices of the General Confederation of Labor.

Violence also flared in Manila, where the police used batons and firehoses to chase away about 100 youths who wanted to demonstrate against martial law.

In Istanbul, more than 30 persons were killed in clashes between leftists and policemen. At least three persons died and five were injured as a result of a shooting incident during an otherwise peaceful rally by thousands of leftists in Beirut.

The rally, in memory of the assassinated leftist leader Kamal Jumblatt, drew thousands of leftists and Palestinians, as well as delegates from Arab nations and Socialist parties around the world.

More than 100,000 slogan-shouting, Communist-led workers

Spain Clashes Injure Many

(Continued from Page 1)

smoke flares and then charged with truncheons, often indiscriminately hitting peaceful Sunday strollers.

Near a group of foreign newsmen, a young man walking alone was knocked to the ground by several policemen. A doctor at a first-aid station said he suffered possibly critical head injuries.

Police arrested two newsmen and hit some others.

The demonstrations in the city center were staged by anarchist and Maoist groups who were in an uglier mood than the Valencians. Some smashed shop windows and blocked streets by moving cars and collecting debris from nearby construction sites.

Similar but apparently less violent incidents were reported in Barcelona, Bilbao, Valencia and other provincial cities.

Carrillo Case Dropped

MADRID, May 1 (Reuters)—Spain yesterday formally dropped illegal-association charges against Communist party leader Santiago Carrillo. He had been arrested in December after sneaking back into the country from exile in France.

A court ruled that the charges be dropped against Mr. Carrillo and seven Communist leaders arrested with him. Their bail of 15 million pesetas (about \$22,000) was ordered returned.

S. Africa Nearer Arms Sufficiency

PRETORIA, May 1 (UPI)—South Africa is 75-per-cent self-sufficient in arms production and manufacturing and maintains its own aircraft and produces its own explosives, Minister of Defense Pieter Botha said last week.

"If the cost of certain weapons in the process of being built abroad is taken into account, I can today declare that we already have achieved a level of self-sufficiency of 75 per cent plus," he said at the opening of a new Armcor armament factory in Pretoria.

"It is my aim that Armcor... will let the remaining 25 per cent—which for specific and good reasons still has to be satisfied from various sources abroad—steadily shrink," Mr. Botha said.

3 Baader Defendants Said to End Jail Fast

STUTTGART, May 1 (Reuters)—Three Baader-Meinhof urban guerrillas, sentenced to life imprisonment Thursday, ended a three-week hunger strike yesterday, according to West German press reports.

A Baden-Wuerttemberg Justice Ministry spokesman would not confirm the reports although he said forced feeding of the three prisoners had stopped yesterday on the advice of a panel of doctors. The three are Andreas Bader, Gudrun Ensslin and Jan Carl Raspe.

Marched through Lisbon in a show of strength, while 300 members of the ruling Socialist party conferred privately on ways to break the Communist grip on Portugal's labor movement.

No disorders were reported at dozens of union rallies held around the country to mark a holiday that had been banned under the rightist dictatorship overthrown in 1974.

The Socialists boycotted the Lisbon march and a rally afterward in acknowledgment of the widening gap between Premier Mario Soares's moderates and the Moscow-line Communists.

In Paris, an estimated 60,000

workers marched through the working class districts of Paris in an unusually large May Day parade, foreshadowing a major labor unrest anticipated in months to come.

The police said the marchers totaled 25,000, while the Communist-dominated General Labor Confederation said that more than 100,000 participated.

Georges Seguy, leader of the CGT, said during the march, "This demonstration is the follow-up of all the battles of the last months."

In London, about 5,000 persons

marched peacefully from Victoria Embankment to the Speakers'

Corner in Hyde Park during London's annual parade, the police said.

The Chinese celebrations stressed the ascendance of Chairman Hua and the eclipse of Chiang Ching, the disgraced widow of Mao Tse-tung.

Last year Chiang Ching stole the May Day spotlight but today crowds thronging Peking parks cheered her downfall last October and that of her fellow radicals.

The Moscow parade passed without a speech by a member of the ruling Politburo for the fourth year in succession. Instead, a voice proclaimed over

loudspeakers the "day of national workers' solidarity, struggle against imperialism, for peace, democracy and socialism."

East Germany changed May Day parade procedure leaving out the military of rockets, tanks and artillery the first time in more years.

Ethiopian Demarcation

In Addis Ababa, Ethiopia of state Mengistu Hailemariam reserved his condemnation of the Sudan, Egypt and Arabia. He said they were invading plans against Ethiopia.

He praised last week's invasion of Americans as a "victory" for the country's government and an end to "slavery" imposed by Washington.

In Colombo, the police and wounded about 30 during violent clashes in rival Sri Lanka political groups their way to May Day. Several thousand Je

Arabs marched together heart of Tel Aviv and arrested five persons c with the Jewish Defense for disturbing the peace.

Russia Again Rejoice

WASHINGTON, May 1 (UPI)—The Soviet Union turned down the latest United States proposal for lease of Kilders' deputy Hiss, now serving a 10 sentence in West Berlin Prison, the State ment said Friday.

Hess, 33, is ailing. Britain, France and the States made separate ordinated pleas to the authorities for his release by all four powers.



Italian police search members of group who tried to disrupt May Day demonstration in Rome yesterday by 40,000 persons. About 20 persons were reported arrested.

Work More Desired Than Freedom

Black Joblessness Is Adding to Tensions in South Africa

By John F. Burns

JOHANNESBURG, May 1 (UPI)—Most of them stand in clusters between parked cars. Others sit silently on the sidewalk, some with newspapers on their heads to ward off the sun. When a white man approaches, they scurry forward, work permits thrust out, asking: "How many boys you want, boss? Boss, you got job?"

They are black and unemployed. When the Labor Office in central Johannesburg opens at 8 a.m., several hundred of them are waiting outside. Some start out from Soweto, nine miles away, at dawn, hoping to pick up casual jobs with contractors who send trucks by before opening hour.

When a truck appears, a melee develops. As the crowd presses forward, eager to work for 43 or 45 cents a day, a foreman or shift boss, often black, chooses his men. Sometimes, the criterion is tribal. "I want a dozen good Zulus," he will say, as a score of permits are waved frantically in the air.

The unlucky ones will hang around until noon before drifting away, demoralized and hungry. For most, there will be weeks or even months of waiting. With South Africa heading deeper into its worst recession since the Depression, hundreds of thousands of blacks are jobless, with thousands more joining them every week.

Statistics Disputed

The figures are disputed, with officials putting the rate as low as 2 or 3 per cent. Labor economists say the rate is higher, at 10 or 20 per cent. Prof. F. J. van der Merwe of the University of Pretoria, a respected labor economist, estimated the total last month at more than a million, rising by 15,000 monthly.

The government's unemployment insurance program, paying benefits to a total of 32,537 persons, black and white, reaches only a fraction of the jobless blacks. The rest, mostly without welfare or savings, must scrounge to survive. One consequence has been a drastic increase in crime, with 14 persons murdered in Soweto during the Easter week-end alone, mostly in robberies.

Although he has resisted calls for drastic remedial measures, Prime Minister John Vorster has acknowledged that black unemployment is one of the country's "gravest problems." His political opponents go further, warning that growing frustrations in the black ghettos could shatter the fragile peace that has prevailed since the rioting last year.

The frustrations have been compounded by the fact that only 10,947 whites, slightly more than 1 per cent, are out of work. The Rand Daily Mail said: "When the employed and the jobless are divided more or less on racial lines and the situation is further aggravated by existing racial tensions, it is evident that a time bomb has been planted in this country."

Feelings run highest in Soweto, a ghetto that houses more than a million persons, nearly a quarter of all urban blacks. One in five of the township's labor force is reckoned to be out of work. In addition, residents face sharply augmented living costs as a result of government-ordered increases in rent, rail fares and the cost of maize flour, the staple of most blacks' diets.

After several weeks of calm, students in the township took to

the streets again last week to protest the rent increase, setting off clashes in which several were wounded by police gunfire.

The government late last week decided to delay the rent increase, the UPI reported.

Outside the Labor Office here in the city, the reaction was more passive than that of the students. "We are suffering, boss," said Howard Mketi, a 54-year-old truck driver who lost his job during the upheavals last year. "Why must we suffer more?"

Mr. Mketi shuffled forward as a newsmen moved along the crowded sidewalk. Holding his "passbook"—a black's license to live and work in an urban area—he pleaded for any kind of job to help support his wife and six children in Soweto.

His story, characteristic of others, was that he was laid off by a delivery company without notice, after three years' employment, when he stayed away for a week during the riots. The stayaway was enforced by black militants, who attacked commuters with clubs.

The mustachioed driver, doffing his hat, said that he spent 60 cents a day commuting to the Labor Office but has always lost out to younger job seekers. He said he has supported his family by begging or borrowing from relatives and friends.

"To Dig Ditches"

A companion, Daniel Hefpi, 25, said he had been unable to find suitable work since graduating from junior high school—a rare accomplishment among blacks in 1975. Now, he said, he has abandoned hope of finding a clerical job. "If you offer me a job to dig ditches, I'll follow you," he said.

The newsmen, unable to supply work, offered to buy the two men coffee. As they crossed the road to a cafe, a crowd of almost 100 followed, clamoring for a

free meal. The counter was almost toppled in the ensuing commotion, which subsided only after several dozen had been offered a plate of chicken and maize porridge.

The Unemployment Insurance Board Office, an official cautioned against believing all tales of hardship, claiming that they were often exaggerated. "These chaps are very choosy," said J.P. Bosman, the official. "If somebody comes along offering them work as a gardener or a domestic or something unskilled, they're not interested. What they want are blue and white-collar jobs, that's all."

Back outside, the newsmen walked into a group of about a dozen men, asking if any were prepared to accept garden work. Immediately, five volunteered. Later, a Soweto social worker, Amanda Swadi, visiting the board's office to register two crime victims for disability pensions, was asked if the board's assessment of the unemployment situation was fair.

"Look for yourself," she said, gesturing at the throng.

Many social workers and the overwhelming majority of blacks regard measures to alleviate the situation as more important than the long-range political reforms being pressed on the government. "I'm not so much interested in freedom," said Mr. Hefpi, echoing a sentiment among those seeking jobs. "I just want to be able to work."

Reforms Urged

Steps that have been urged on the government include a broadening of welfare and unemployment benefits, an expanded public works program, more job training for blacks, most of whom remain unskilled, and for the longer term, improved educational opportunities. At present most blacks drop out of school before completing the primary course. The government, which has promised to introduce compulsory education when funds permit, spends only a fraction as much per capita on black children as on whites.

Prime Minister Vorster has also been asked to end the system that reserves certain skilled jobs particularly in the building trades, for whites. At one point last year, 47,000 such jobs were vacant but they were unavailable to blacks. Earlier this year, builders in the Transvaal were

informed that exempted them from them to employ craftsmen would be a if white unemployment significantly.

The order, which was lowered up, provoked a Steven Scheepers, vice of the Trade Union C South Africa, one of white labor bodies pressed for reforms, we ed. "Nothing is more unwhiter black workers be fired and replace whites," he said. "I loyodding of whites m

JOHANNESBURG, M—South Africa has aggrands by the United four other Western ex internationally sup nations in South-West (mibia) the Johannes reported yesterday.

In a report from the West African capital hoek, the newspaper militant South-West Af mil's Organization (S would be allowed to in the elections, which before the terror independence.

South Africa, which the territory under a League of Nations man agreed to establish a government in the terr this year with ind scheduled for next ye

The report quoted as sources in Windhoek a "major in South-West" in talks involving Sou and five Western mem United Nations Secur Details of the int supervision would be w in later talks, the paper agreed to the report. S as rejected UN supe agreed to allow indi tions to supervise the

Delegations from th States, Britain, Fran Germany and Canada met with Prime Minis Vorster in Cape Town, the situation in So Africa.

Sources said South agreed that political a return to take part in th provided they did not violence.

Mr. Vorster told a party rally last night I been progress in the t the five other countri gave no details.

"Where you to ask me I saw light ahead. I u I did," he said, adding talks "can to a high d fluence the future c Africa."

Apparently referring United Nations, Mr. V South Africa has bee and made the subject resolutions." But, Wes tions now realized the situation could not com recognized "it was in terests to discuss must leave to that pol Vorster said.

6. Somebody's birthday.
(A good reason to call home.)
An international call is the next best thing to being there.

هنا من الصل

ty Is Keynote

e Says U.S. Must Admit s on Rights Campaign

ATON, May 1 (NYT). — States would strive to improve the lot of others without being reckless or naive.

In part, the speech was an effort to clarify a policy that has been criticized by the Soviet Union and other authoritarian states for interfering in their affairs and by liberal groups for not going far enough in cutting off U.S. aid to friendly dictatorships like South Korea that violate human rights but whose security is deemed important to the United States.

"Our concern for human rights is built upon ancient values," he said. "It looks with hope to a world in which liberty is not just a great cause but the common condition."

He said that just signing declarations was "not enough." The United States would work "to protect and enhance the dignity of the individual," he added.

But Mr. Vance stressed that in pursuing a human rights policy, we must always keep in mind the limits of our power and of our wisdom. "The United States must ask a series of questions to determine what should be done in every specific case," he said.

Mr. Vance spoke at Law Day ceremonies at the University of Georgia, Law School in Athens, Ga. The speech was broadcast by closed circuit to reporters at the State Department.

Mr. Vance said the sure formula for defeat of U.S. goals "would be a rigid, hubristic attempt to impose our values on others. A doctrine of plan of action would be as damaging as indifference. Our country can achieve our objectives only if we shape what we do to the case at hand."

He then listed three sets of questions that had to be answered to determine whether and how the United States should act on alleged rights violations.

First, he said, the United States should examine the nature of the case it confronts and ask itself: What kind of violations? What is their extent? Is there a pattern to the violations? If so, is the overall trend in the country toward concern for human rights or away from it? What is the degree of control and responsibility of the government involved? And is the government willing to allow independent, outside investigation?

Second, Mr. Vance listed questions on the prospects for effective action. These include: Will action promote the overall human-rights cause? Will it improve the specific conditions at hand or make them worse? Is the country involved receptive to U.S. interests? Will others, including international organizations, work with the United States? And finally, does the U.S. sense of values demand intervention even if prospects for results are remote?

Third, he noted questions needed to maintain a sense of perspective. These included the possibility that the United States' own rights record might not be unblemished, that intervention might lead to armed conflict or terrorism, in itself posing a threat to human rights, and that aid cuts might penalize the hungry and the poor.

idge Bars Offer on g Violation

May 1 (AP).—A fed-as rejected a propo-

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200-mile fishing

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District Court judge

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in U.S. Zone

ATON, May 1 (UPI).

200-mile limit took

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a drop in the number

boats fishing off

oreign Vessels in U.S. Zone

ATON, May 1 (UPI).

200-mile limit took

arch, there has been

a drop in the number

boats fishing off

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Administration said

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the coast.

Climbers Fail

DU, Nepal, May 1

Austrian-West Ger-

expedition has aban-

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mt Dhaulagiri, the

istry announced



EXTRAORDINARY SUPPORT—A flamingo at the Philadelphia Zoo is aided by slings after its leg was broken last week by youths who killed eight birds.

Carter Reported Sighting A UFO to Two Groups in 1973

By Thomas O'Toole

WASHINGTON, May 1 (WP).

President Carter filed two

formal reports when he was

governor of Georgia describing

his observation of an unidentified

flying object to organiza-

tions that collect and promote

UFO sightings as unexplained

phenomena.

Mr. Carter filed a handwritten

report in July, 1973, when the

International UFO Bureau in

Oklahoma City sent him a printed

form and asked him to fill it

out and describe his UFO ex-

perience. Mr. Carter filed a

typewritten report three months

later when the National Inves-

tigations Committee on Aerial

Phenomena sent him a similar

form.

Both organizations wrote to

Mr. Carter after he offhandedly

mentioned the sighting at a

Southern governors' conference.

Mr. Carter was quoted in several

Southern newspapers as saying:

"I don't laugh at people say-

ing more when they say they've

seen UFOs, because I've seen one

myself."

News Analysis Carter Foreign Policy Slate: Active Role but Mixed Results

By Bernard Gwertzman

WASHINGTON, May 1 (NYT).

President Carter goes abroad

this week to begin to practice at

first hand what has come to hold

much of his attention in Wash-

ington: the conduct and shaping

of foreign affairs. He takes with

him a record of vigorous involve-

ment but of mixed results.

The Carter administration has

achieved nothing spectacular. On

the other hand, there have been

no diplomatic disasters. There

have, however, been what some

analysts, including the highly re-

spected Institute for Strategic

Studies, consider mistakes.

Perhaps that is because much

of the time has been concentrated

in developing a new style, a new

approach to foreign affairs.

Mr. Carter is not playing the

passive role and leaving the in-

fluence to any Kissingers; his

principal advisers, Zbigniew Brzez-

inski and Secretary of State Cy-

rus Vance, are only advisers.

Mr. Carter has heavily emphas-

ized a new kind of foreign-policy

moralism in expounding his

views on human rights and on

disarmament. For this he has

gained little applause abroad;

rather, he has alarmed some of

his own allies. He has tended to

blurt out views in foreign af-

airs—a tendency he has tried

recently to control—leading some

critics to speak of him as an un-

guided missile.

In substance, it is too early to

draw conclusions. But the new

lines of the Carter foreign policy

have now been laid. These are

success where they have failed

seem slim at best. What he

must do, however, is avoid mak-

ing the situation even worse by

creating excessive expectations.

As for Greece and Turkey, the

administration policy seems

destined to win it the enmity of

both without winning anything

in return. It decided to endorse

the Turkish bases agreement Mr.

Kissinger had signed and to seek

military credits for Turkey. But

it yielded to the Greek lobby in

Congress and decided not to

seek ratification until the Turks

in turn yield on Cyprus. The

net result is unhappiness in Tur-

key that the bases are linked to

Cyprus and unhappiness in

Greece that the Turkish pact has

been endorsed.

Latin America: The adminis-

tration has moved swiftly in two

controversial areas—the negotia-

tions for a new Panama Canal

treaty and normalization of re-

lations with Cuba. It seems to

have handled both sets of discus-

sions adroitly.

But relations with Latin Amer-

ican allies such as Brazil and

Argentina have not been handled

well. In fact, it can be, and has

been, argued that relations with

Brazil have turned into a

disaster. Brazil's sensitivity about

its perceived need for nuclear

technology and its potential

irritation about thinly veiled

references from Washington

about human rights violations

are simply disregarded by the

administration. That has per-

mitted the military regime in the

largest and richest country in

South America to promote anti-

Americanism to reinforce its

own base of support.

Africa: The administration in-

herited a dangerous situation in

southern Africa and has tried to

work closely with the British in

keeping pressure on all sides for

a Rhodesian transition to black

majority rule. It did succeed,

where predecessors failed, in

getting the Byrd Amendment re-

pealed, in at least a symbolic blow

against white rule in Rhodesia.

It also seems headed for a more

activist course against apartheid

in South Africa. That is risky

but doing nothing is equally

risky when the threat of racial

warfare grows each year.

China: So far, the adminis-

tration has limited itself to assuring

China of its desire to normal-

ize relations, in keeping with the

Shanghai communiqué endorsed

by President Richard Nixon. But

it has not decided on the proper

way to break diplomatic and mil-

itary ties to Taiwan and at the

same time to preserve Taiwan's

security, which was a Carter

pledge.

Korea: Mr. Carter has said he

will do what, ironically, the chiefs

of staff had urged before the

Korean war: Gradually pull out

U.S. troops. But the announce-

ment that the 33,000 U.S. ground

soldiers now in South Korea will

be withdrawn in five years was

followed by new repression in

Seoul. How to influence the

Korean government—and its

human rights violations while at

the same time retaining U.S. in-

fluence is something the admin-

istration has not resolved.

Vietnam: As with Cuba, the

administration has moved quickly

to let bygones be bygones and

to establish a more normal rela-

tion. But the administration has

not yet faced the human rights

question—in this case, how to

harmonize relations with a coun-

try where thousands of people

are still in "re-education" camps.

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hommes
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- Sudan's Mansour Khaled on the Red peril in Africa.
- The manuscript of Prophet Mohammed's message to the King of Persia.
- Camille Chamoun spells out the Maronite case in Lebanon.
- The Libyan (or are they Soviet) Blinders

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The Horn of Good Luck

The United States is being lucky and looking sophisticated in its retreats and advances in the strategic Horn of East Africa. The expulsion of more than three-fourths of the U.S. personnel from Ethiopia is only the latest in a series of events reversing the diplomatic geography of the region. The radical military dictatorship now running Ethiopia has been shedding a once substantial U.S. connection and turning instead to the support of Libya, Cuba and the Soviet Union. At the same time, the revolutionary regimes of Somalia and Southern Yemen, formerly aligned with the Soviet Union, have been noticeably improving relations with Saudi Arabia and the United States. In this game of musical chairs, it appears that the Russians may be ending up with a fairly wobbly stool.

The U.S. presence in Ethiopia was already dwindling before the expulsions. The Kagan communications station, which recently housed 3,000 Americans, was down to 42 last month and was soon to be closed. Technological advances made it unnecessary, and political change provided the coup de grace. United States military aid had been cut in February to protest human rights violations. Washington was visibly shifting its support to the Sudan, now at odds with Ethiopia, so the expulsions were largely a face-saving gesture on the part of Ethiopia's beleaguered military rulers. They hope that Soviet aid, and perhaps Cuban advisers, can help them withstand the crisis brought on by several simultaneous armed insurrections—by different groups of secessionists, monarchists and ultra-leftist urban guerrillas. The central government would especially like to see the Russians persuade the Somalis to choke off aid to its opponents. It is just as likely,

however, that Soviet credit will diminish in Somalia as it rises in Ethiopia.

Meanwhile, Saudi Arabia, now using its new petro-dollar wealth for regional diplomatic ends, is prepared to move in wherever the Russians falter. The process is already advanced in Southern Yemen, where Saudi capital is proving more powerful than Socialist affinity. And the Sudan's Gen. Numeiri, once considered a left-leaning Arab nationalist, has gravitated toward the Saudis, and toward Egypt's President Sadat, to reinforce his power against presumed Libyan conspiracies.

The cumulative result has been the emergence of a cohesive, generally pro-Western bloc of states stretching along both flanks of the Red Sea and providing a valuable asset to U.S. policymakers grappling with the problems of the Middle East and East Africa. It is an asset that has more or less fallen into their hands, a product of Saudi diplomacy and Soviet misfortune. They must now exploit this good luck.

Recent events throughout Africa testify to the power of new forces emerging in the post-colonial societies. In Angola and, in a much more limited sense, in Zaire, the United States responded with cold war instincts. But we are beginning to learn—and the examples of the Sudan and Southern Yemen provide further instruction—that most African leaders care more about economic development, internal political unity and white domination in southern Africa than about Communist doctrine and Soviet intentions. The Russians will keep fishing in troubled waters, but they can be countered only with due regard for the Africans' own perceptions and needs. The Horn of East Africa is a good place to apply this useful lesson.

THE NEW YORK TIMES.

Hemorrhage in Hospital Costs

In 1965 the average hospital stay in the United States cost \$311. This year, in spite of new medical techniques that speed recovery, the average bill will be close to \$1,300. With costs escalating 15 per cent annually, the time when hospital beds will cost \$500 a day is just a few years away.

Can this runaway inflation be stopped? The Carter administration is determined to try. The Secretary of Health, Education and Welfare, Joseph Califano, has proposed legislation that would put a cap on hospital revenues and leave the decisions on how to economize to the hospitals themselves. If the cap works, consumers will pay an estimated \$1.9 billion less next year and \$5.6 billion less in 1980 than they would have without it.

What caused the explosion in hospital costs? When consumers decide between brands of cereal, they know roughly what they are buying and how much each box costs. Hospital patients, by contrast, hardly ever know the value of the services they receive, and are less likely to care what they cost. Today, with more than 90 per cent of hospital bills covered by private or government insurance, neither patients nor physicians nor hospital administrators have an incentive to police hospital expenses. As a result, administrators rarely resist doctors' demands for specialized diagnostic and surgical equipment that is hardly ever used. Patients often receive superfluous tests and treatment; standard efficient business practices for day-to-day hospital management are ignored.

In theory, the insurers who pick up the tab could demand a voice in the way hospitals are run. As a practical matter, direct regulation is extremely difficult. It is nearly impossible for outsiders to judge the value of specific treatment for specific patients. Moreover, the potential regulators—the federal government and Blue Cross—are susceptible to a disease that afflicts other regulatory agencies. They may identify with the problems of the regulated, whom they see every day, rather than with the problems of taxpayers and consumers.

The revenue cap is thus a remarkably straightforward solution to what is obviously a very complex problem. It is proposed that

each hospital be permitted to raise its total revenues at the rate of inflation, plus a small increment to reflect the growing need for hospital treatment—a total of 9 per cent next year.

Forced to limit revenues without being told precisely how, hospital administrators and staff personnel would have to confront their own priorities. Since hospitals would no longer be able to pass on excessive expense, they would presumably lose the incentive to admit patients who could be treated outside, to keep those they admit longer than necessary, or to load on extra diagnostic or surgical services.

Unnecessary building and purchases of fancy equipment with dubious value would be similarly challenged. Should a hospital desperately need extra revenue to improve treatment standards, the administration proposes to permit exceptions, but only with the approval of both an HEW-appointed local planning committee and HEW itself in Washington.

Would the proposal work? There is no question that a simple revenue cap would limit total hospital expenditures. If HEW and Blue Cross don't sign the checks, the money can't be spent. The real question is whether costs can be contained without reducing the quality of patient care. Hospitals may reduce expenses by trimming waste; but for internal political reasons, they may cut valuable services instead. In the end, it may be easier for administrators to eliminate a money-losing emergency room that saves lives than to reorganize nursing assignments or to control drug inventories.

Any attempt to manage medical costs entails this risk. To do nothing about hospital cost inflation, however, is surely worse than to risk some deterioration in patient care. Administration officials concede that the plan is no long-term solution. In the next few years a system must be designed to tackle the problem directly, by setting standards of practice and providing for the review of existing hospital procedures. But before deciding on radical surgery, the administration ought to be allowed to apply this tourniquet to stanch the bleeding.

THE NEW YORK TIMES.

International Opinion

Chirac's Power

Publicly and for all to see, Mr. Jacques Chirac emerged from Thursday's debate in the National Assembly as the effective governor of France. When he broke with President Giscard d'Estaing in August, when he regenerated the Gaullist party, and when he beat the President's nominee to become mayor of Paris, he demonstrated his ability to make the President his prisoner. On Thursday Mr. Chirac matched the deed to the word. The debate on the government's

plan to revive the French economy was a disaster and a humiliation for Prime Minister (Raymond) Barre, and for the President.

Chirac, haughtily absent in the Paris city hall, allowed himself to be summoned to the Assembly, told the Gaullist MPs that the Barre plan was a mess but that they should save the government all the same to keep the opposition out. So they did. It was a gesture of triumph but also of disdain.

—From the Guardian (London).

In the International Edition

Seventy-Five Years Ago

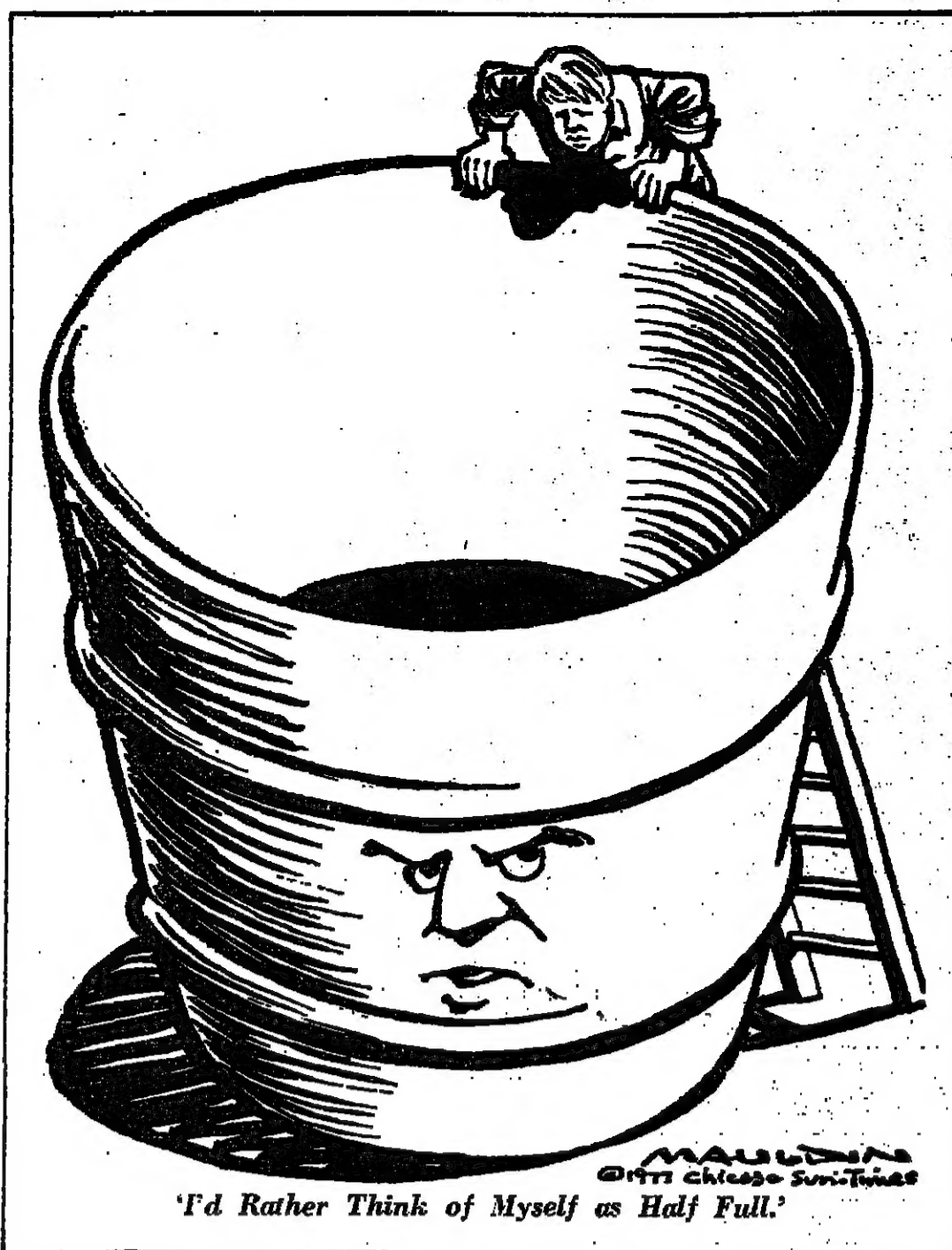
May 2, 1902

PARIS—"After all," said this morning's editorial in *Figaro*, "one would really have to be irretrievably dull in arithmetic not to be able to see that in last Sunday's election returns two of the numerous political fractions into which the French divide themselves were less favored than the others. These were the Anti-Semites and the Socialists."

Fifty Years Ago

May 2, 1927

PARIS—"For the last several years we have heard of 'Ben Hur' being carried to the screen, and for the last 12 months of its success. Now Paris, a year after New York, is enjoying Cecil De Mille's story. The film cost \$3 million to make and has Ramon Novarro as the star heading a cast of thousands that includes Francis X. Bushman and May McAvoy.



Wind at the Summit

By James Reston

WASHINGTON.—The seven leaders of the industrial nations have so many things to discuss at their London summit meeting that they will scarcely have time to define the issues, let alone resolve any of them.

First they have to get to know one another, and clear away some past misunderstandings. For example, the West Germans think President Carter has been too pushy and schoolmasterish in trying to control the development of nuclear power in other nations, and they did not like his original approach to the summit. Early in the planning, Chancellor Schmidt sent Carter a long analysis of the world commodity price problems. His aides say the President never replied but later wrote Schmidt and asked whether he had any thoughts about what should be discussed in London.

Carter's staff has a different story. They say that the Chancellor did address the President on the commodity question, but that this was in the form of what they call a "non-paper" (what-ever that is), and that the President did acknowledge it. Since then, they add, there have been several amiable and constructive discussions between the two men on the telephone.

Main Object

Still, the allies have learned in recent years that the character and personality and attitudes of American Presidents and their principal advisers often determine U.S. policy. Kennedy and Nixon on Vietnam, Secretary of State Kissinger on the Middle East, and Secretaries of the Treasury Connally and Simon on world finance—so the main object of analysis at this summit is likely to be Jimmy Carter himself.

Actually there will be four separate summit meetings in London: the general meeting of the seven; a separate meeting of Carter, Prime Minister Callaghan of Britain, President Giscard d'Estaing of France and Schmidt of the future of Berlin; a meeting of the North Atlantic leaders on the modernization and standardization of weapons; and their relations with the Warsaw Pact countries; and finally, a series of bilateral talks on subjects of special interest to two nations.

In the general meeting, they are expected to work out procedures for coordinating their approach to world monetary and trade problems; to issue a declaration opposing trends toward protectionism and defending the principle of free trade; to strengthen the International Monetary Fund and increase the resources of the World Bank; and then to establish some kind of

commodity fund to help provide for stability in world commodity prices. Nuclear cooperation and particularly the problem of recycling nuclear fuel are also on this agenda.

Moscow, Mideast

In addition to the modernization and standardization of weapons, the NATO meeting will review their relations with Moscow in the light of the Soviet Union's resentment of Carter's human rights policies, and also analyze the developing problems of the Middle East and southern Africa.

What they are hoping to convey in these few days is a new sense of direction and coordination not only within the NATO alliance, but in dealing with threats to the peace in other areas of the world.

With so much to do in so short a time, the tendency of such meetings is to evade the tough questions and another national differences with agreeable generalities about the interdependence of the world.

Also, this is an awkward time for these leaders to agree to bold reforms that might enhance international cooperation at the expense of powerful national forces, for most of these seven leaders, with the marked exception of Carter, are facing election in an atmosphere of rising political opposition.

More on Japan

Some things, however, they can do. They will be starting the process of bringing Japan into these world economic and political discussions—a necessary development long delayed. They can improve their procedures for analyzing the increasingly dangerous problems of nuclear proliferation, financial and commodity instability, and competitive world trade.

And perhaps of some importance on the side, the allied leaders may be able to persuade Carter that his pronouncements on foreign policy inevitably affect the interests of many other countries, and even of their internal policies, and that therefore they would like to hear his intentions in advance before they read about them in the newspapers.

Carter is not insensitive to the politics of differing interests of his allies, but he has been preoccupied with many other things, and the allies are less able than he is to move at his pace and conform to his policies and public pronouncements. Also, there is a growing feeling in Washington that, despite everything he has said about encouraging dissent from his Cabinet and White House staff, they are not talking up when they disagree with Carter's tactics on nuclear energy.

human rights and other sensitive issues.

In the meeting of the seven in London, it is doubtful that these past differences will come up, but in the private bilateral talks, particularly with Schmidt, they can scarcely be ignored. Other leaders have different problems.

Giscard d'Estaing, for example, is facing a tough election against Socialist and Communist opposition. Obviously, Jimmy Carter is going to be asked increasingly in the coming months what he thinks about the rise of European communism in France, Italy, and elsewhere—and anything he says on this subject is likely to run counter to his intention.

So it will be useful if these problems are discussed in advance. Jimmy Carter will no doubt be trying to educate his allies on how he wants the world to go, and they will be trying to educate him about the way the world is. It will be a summit of modest expectations, for in the present state of the free world all nations have much to be modest about.

God and Death in Ireland

By C.L. Sulzberger

LONDON.—The only legally accepted and prominently recognized leaders of a United Ireland, including both the Republic of the south and the British provinces of the north (Ulster), are the three principal religious chiefs.

It is peculiarly paradoxical that amid a people torn by sectarian rivalries the Roman Catholic primacy, the primacy of the Church of Ireland (equivalent of the Church of England) and the moderator of the Methodist Church, is each accepted as head of his faith by all of the latter's adherents in both segments of bloody Ireland.

Now, since the death of William Cardinal Conway, archbishop of all Ireland's Catholics, the Vatican faces a delicate problem in selecting his successor. For this is a political as well as purely religious matter. The papal diplomatic envoy in Dublin will have measurable influence in suggesting a replacement.

The Irish church is considerably more conservative than most Catholic congregations today. All through Latin America, in France, Belgium, the Netherlands, West Germany and even Italy, the Roman clergy strongly reflects the profound social and political revolution inspired by Pope John XXIII.

Many Catholics assume the Irish church is the most conservative national church now extant in the papal realm. Admittedly priests north of Portlaoine's Tagus River are generally held to be right-wing and the U.S. Catholic clergy is not often regarded as liberal.

Yet in repressed lands like Brazil, Chile and South Africa, Catholicism's hierarchy is frequently in the forefront of liberalism's ranks and nowadays in Spain there are far more "leftists" than "rightists" among the priesthood, to use a comparative classification.

Contemporary Ireland thus becomes a matter of much political importance to the Vatican's image and also to the philosophy it wishes to stress. The choice of Armagh's new archbishop has significance, not only among the Irish but also among their many American kinfolk.

Armagh, the see of both Ire-

A Laborite's View Of U.K. Managers

By Eric Moonman

NEW YORK.—British management—its style and purpose—baffles me. I have functioned as a manager, I have advised scores of British firms on management and latterly I have scrutinized their productivity as a member of a House of Commons committee. At the heart of my dilemma is the same reaction that visiting American executives have when faced with recruiting the local British managers seem to lack any honest-to-goodness motivation to do the job.

Two recent reports, one by a private firm, Opinion Research Centre, and another a confidential report for a government department, confirm this motivation problem. There are more than 1 million British managers, ranging from company chairmen to front-line supervisors and, according to opinion research, they are embittered, demoralized and demotivated.

As a result of pay freezes, taxation and inflation, their standard of living has fallen. Some are living off capital, some are sending their wives out to work and they are having to cut back on food, selling their cars and are not getting proper relaxation from their jobs because they cannot afford to go out, entertain at home or take proper holidays.

The second report, not yet published, also touches on the problems of pay, inflation and taxation. But it also criticizes British managers as being poorly qualified, lacking in entrepreneurial flair and being rather bad at their jobs. The poor performance gives a poor image, which in its turn insures that good recruits are not attracted to management, thus producing even worse results for the future.

This supports my own suspicion that, while lack of motivation may contribute to our troubles, it is not the root cause of them. Having talked to a dozen U.S. executives who share my viewpoint, I am convinced that it is the system and style of our management that is the fundamental fault. Two aspects of the problem can be isolated.

First, too few firms have systematic management development programs, so that there is little overall assessment of the elements of a manager's performance between the selection, appraisal and training functions. Once recruited, the process of identifying incompetence, let alone rooting it out, scarcely exists.

Too many executives fail to do their best work because they are doing the wrong job, and neither they nor anyone else has ever assessed the reasons why.

Secondly, Britain's managers are less well-qualified than their counterparts abroad. This partly reflects the failure of the education system to meet industry's needs, but it also reflects the poor quality of potential recruits. For example, one company seeking 30 university graduate engineers, interviewed 117, only seven of whom met the required standard.

The failure of the best-qualified graduates to come into industry reflects very largely the poor image industry has in Britain, which is exacerbated by the way

in which the media reports trial matters, giving rise to stories that show things had light and dramatic trial conflict.

Fred Schriever, an managing director of the British subsidiary of the Group Inc. in New York, issues this way: "It is a simplification to relate management performance to pay and taxes. They are but much more fundamental differences between countries reflect different life-style."

"The American execs generally submerge himself easily into the goals of the nation, while his British part stands back and re company as only a part life, and not a very cor part at that. He is, as a more rounded and individual."

It is possible that we much emphasis on the of life approach for, Schriever says, "It's a ch situation; if the British were able to gain more, he might then be prepared faster and alter his out forgo some of the facilities with the quality—even his interest in the."

Of course, the first from the employers (Union of British Industry, frantic and hysterical, managers' own body (Institute of Management), rather more cautious.

The main proposals Bullock report are: the have equal representation company boards with holders, a third group independent directors; that representatives be selected recognized trade unions industrial democracy supervise the operation; ten with the objective nize that workers as holders have equal principle that will be in into new company law.

The introduction of directors on these lines considerable demands of ment. But ironically, spark off not only a improvement in comm inside industry, but it provide the stimulus sharpen up manager prospect to his job.

Eric Moonman, a Lab of the British House of is chairman of the all-Hametary management and was a senior fellow in management at the University of Manchester to his election to Parliament in 1968. He wrote this The New York Times.

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ملكو من الدول

Obituaries

Ivy Litvinov, 87, English Wife Of Stalin's Foreign Minister

HOVE, England, May 1 (NYT).—Ivy Litvinov, 87, widow of Maxim Litvinov, a Soviet commissar for foreign affairs under Stalin, has died at her home here, friends reported Friday.

Born in England as Ivy Low, she moved to Moscow with her husband after the Russian Revolution. Her husband served as Soviet ambassador to Britain and was ambassador to the United States from 1941 to 1943.

Twenty years after the death

of her husband in 1952, she returned to live at Hove, a South Coast resort. Mrs. Litvinov, the author of two books, was a popular hostess during her husband's tenure as ambassador in Washington.

She was the daughter of Sir Walter Low, a British scholar, and the former Agents Herbert, a novelist and critic. She herself began to write as a young girl and she met Mr. Litvinov when he was a revolutionary exile who was teaching in England. They were married in 1916.

In the Soviet Union, she taught English, edited a Russian-English dictionary and persuaded the Soviet government to adopt Basic English as an army course. According to some reports, she tutored Stalin in the English language.

In 1968, the New Yorker published a short story by her that she had sent, along with two other stories, to the magazine from the Soviet Union through the mail. The New Yorker published all three and they became part of a book, "She Knew She Was Right," published here in 1971. A review in the New York Times Book Review termed it "a delightful collection of short stories whose subtle charm draws the reader into a trance of pleasure, insight and wit."

Her other book was a detective story based in Moscow called "His Master's Voice."

In 1972, she received, for the first time in more than 10 years, permission to leave the Soviet Union for England, where she remained.

Ex-King Mwambutsa

GENEVA, May 1 (Reuters).—Former King Mwambutsa IV of Burundi, 68, who fled his east-central African realm in 1966, has died here following an illness, a member of his household said yesterday.

He had been in a hospital but returned to his apartment in a Geneva suburb at his own request and died there last Tuesday.

The former king arrived here in November, 1965, a few weeks after an abortive mutiny in Bujumbura, the Burundi capital, during which the royal palace was attacked. He never returned, being deposed in July of the following year by his son, Crown Prince Charles, then 19, who in turn was overthrown in November of the same year by the then Premier Michel Micombero.

Gianni Cucilli

MILAN, May 1 (UPI).—Gianni Cucilli, 60, one of Italy's greatest tennis champions, died early Friday, relatives said. Mr. Cucilli was Italy's singles champion five times in the 1940s. He also captured the doubles crown 10 times with various other players.

Six Dissidents Rounded Up by Prague Police

PRAGUE, May 1 (Reuters).—Six signatories or sympathizers of the Charter 77 human rights manifesto have been rounded up by the police here during the last three days, dissident sources said yesterday.

Psychologist Jiri Nemecek and art historian Vera Jirouskova were picked up Thursday at their homes, which were searched by the police. Both are signatories of the charter.

Two other persons, Milan Vopelka and a man identified as Mr. Auld, were also detained at Mr. Nemecek's home. They were described as members of the so-called Czechoslovak underground movement of unorthodox musicians and artists.

A former priest and singer, Svatopluk Karsky, who was jailed for eight months last year in the trial of the Plastic People pop musicians, was detained on Friday. A friend of Mr. Nemecek, Václav Lenda, was also reported to have been detained yesterday.

Carter Gets Plan On Illegal Aliens

WASHINGTON, May 1 (NYT).—A Cabinet group has recommended to President Carter an extensive new policy intended to bring 6 million to 8 million illegal aliens into the mainstream of U.S. life but also to slow the "hidden invasion" across the nation's borders.

The new policy would permit most illegal aliens to legalize their status and thus to stay in the United States. But sanctions would be imposed on employers who knowingly hire future illegal aliens and more money and manpower would be allocated to guarding the nation's borders.

As a longer range policy, the recommendations call for foreign policy initiatives centering on economic aid, trade and investment to make staying home more attractive to those who might otherwise be tempted to immigrate to the United States.



PRESSING NEED—A Haitian vander in Port au Prince makes good use of a soccer ball as headgear.

Volunteers Reported Training At Camp Near Addis Ababa

By John Dantron

ADDIS ABABA, May 1 (NYT).—The government has set up a training camp for thousands of militiamen about 20 miles north of the capital and the camp has already begun receiving truckloads of volunteer fighters, reliable sources said yesterday.

The report is the strongest sign so far that the military council is preparing to launch a major offensive, using tens of thousands of armed peasants and urban workers against rebel groups in the northern provinces of Gondar and Birtre.

The sources said that the camp, located near the town of Sigamda, was equipped to handle two shifts of 50,000 volunteers, who would undergo several weeks of intensive training before making the 300-mile journey in trucks and on foot. Two nights ago, 150 trucks carrying volunteers were reported to have reached the camp.

A year ago, in what was called the "peasants' march," the government sent more than 125,000 peasants, ill-prepared and poorly armed, into combat against guerrillas fighting for the independence of Eritrea. The attackers were quickly repulsed.

This time, observers believe that the civilians would be pitted primarily against a rightist army called the Ethiopian Democratic Union, numbering several thousand, in the province of Gondar, next to the Sudanese border. The E.D.U., whose leaders held positions under Emperor Haile Selassie, is under the command of a former Marxist government. It has had some initial success, capturing several towns along the border.

Like the Eritrean secessionists, the E.D.U. is being supported by the Sudan and so a major counter-offensive involving thousands of armed civilians close to the border runs the risk of growing into an all-out Ethiopian-Sudanese conflict.

In other signs that a campaign is being laying in supplies of gasoline and provisions. It is receiving contributions of tents, money and blood from the people, who were told 18 days ago to await "an emergency call of the motherland."

In the government-owned Ethiopian Herald, attacks on the Sudan and Egypt have reached a vitriolic level. It is a significant shift.

Russians Receive Protest by U.S.

MOSCOW, May 1 (UPI).—The U.S. Embassy has filed a protest with the Soviet Foreign Ministry over the action of Somali police in preventing invited local guests from attending functions at the embassy.

Police guarding the entrances to the Moscow Embassy turned back Soviet guests arriving for dinner parties, sources said. The action was protested as an intolerable constraint on access to the U.S. Embassy, which is guaranteed under normal diplomatic protocols.

Meanwhile, the Soviet Foreign Ministry has again raised its protest against the private showing within the U.S. Embassy community of movies it considers "anti-Soviet slander." The embassy rejected the protest.

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Many Quit as U.S. Is Pressured to Pull Out

Panama Canal Workers Fear the Future

By Leonard Greenwood

BALBOA, Panama Canal Zone, May 1.—Maj. Gen. Harold Parfitt, governor of the Canal Zone and president of the U.S. government-owned Panama Canal Co., says that the morale of U.S. workers in the zone is "devastatingly low," many are quitting and operating efficiency—a source of pride for more than 60 years—is endangered.

He said that mounting pressure for the United States to turn over the 50-mile canal to Panama and delays in working out future guarantees for U.S. citizens living in the colonial atmosphere of the zone have caused widespread apprehension.

"Living in the Canal Zone today is like a love affair that has gone sour," said Frances Ponder, the wife of a fourth-generation resident of the zone. "All these years it's been beautiful and we have regrets about leaving but it's over now and time to go before the bitterness sets in."

Of those quitting at double the normal rate of attrition, many are key personnel, including dredge and tugboat masters, mechanical and electrical engineers and top machinists.

Fleets, Doctors Going

Four of the 44 who resigned from January to March of this year were canal pilots. A number of doctors and nurses, who take care of 3,500 U.S. workers and 14,000 Panamanian employees and their families, also are resigning.

The company is devoting more time and money to the search for replacements, personnel chief John Wagner said, but with disappointing results. "One recruiter spent three months touring U.S. ports, looking for pilots, and didn't get one," another company official said.

Also militating against their efforts is the memory of a six-day "sickout" by pilots and tugboat operators a year ago, a work stoppage that produced a backlog of more than 175 ships waiting to transit the canal before Gen. Parfitt modified a company-proposed pay freeze.

"To keep the canal running, I play on their pride... They still have a lot of pride but it's tattered and torn. Only the tremendous skill and dedication of the people here keep this aging operation running so well, after so long," Gen. Parfitt said.

"It's not easy for a newcomer to understand Zonians. And by the time you do, you can no longer be completely objective. It's a very personal commitment."

Army Engineer

Gen. Parfitt has his own commitment. He served as lieutenant governor of the Canal Zone from 1965 to 1968 and could have chosen not to come back as perhaps the last governor. Like all previous

governors, he is a career officer in the U.S. Army Corps of Engineers, which built the canal between 1904 and 1914.

"It wasn't just the Army Corps of Engineers, it was also the laborers who toiled in awful conditions," Gen. Parfitt said of the construction team. "Many employees today, American and Panamanian, are grandchildren and great-grandchildren of those men. Now this world is about to change. They find that hard to accept."

It has been three years since Henry Kissinger, then secretary of state, and Panamanian Foreign Minister Juan Antonio Tack declared eight principles for negotiating a new treaty.

They recognized that U.S. jurisdiction over the Canal Zone, a 10-mile-wide strip of land, soon would end and that the United States would continue to run the

canal and have responsibility for its protection for only a limited time after that.

Delay of 3 Years

Both sides agree that U.S. jurisdiction will end three years after a new treaty comes into effect. The canal company's police and courts will then go out of existence and the area that is now the Canal Zone will become Panamanian-run.

The treaty is expected to run approximately until the end of the century, but Panama is pressing to take over the canal sooner, leaving the United States with military protection responsibility only until the year 2000.

Thus far, however, nothing concrete has been agreed upon and little is clear. In Washington, administration sources say a new treaty might be reached by early summer. But for three days last week, the Panama Canal subcommittee of the U.S. House of Representatives held hearings here in Balboa under a barrage of criticism over the delays.

There is as yet no program for phasing out the 14 U.S. military bases in the Canal Zone. It is not known who will protect the canal in the next century or who will guarantee its neutrality.

A crucial problem is the question of future working and living conditions for U.S. citizens who elect to remain as pilots, tugboat and dredge masters, engineers, electricians and tool-makers. Having nothing on paper works canal company employees.

© Los Angeles Times

Hanoi Refuses Offers to Buy U.S. Weapons

By Bernard Weinraub

WASHINGTON, May 1 (NYT).—The Vietnamese government has turned down requests by several African and Asian nations to buy U.S. weapons that were left after the collapse of the South Vietnamese government, according to State Department and Pentagon sources. The Vietnamese also have declined to supply guerrilla movements in Thailand, Malaysia and the Philippines, the sources said.

Vietnam's refusal to sell part of its huge stockpile of U.S. weapons—many of them no doubt in poor condition—is attributed, in part at least, to a desire to cement economic links with Western nations, including the United States, and to reluctance to be labeled an "exporter of revolution."

Among the nations believed to have offered to buy weapons are Libya, Ethiopia, North Korea, Peru, Pakistan and Turkey. The cost of the equipment left in Vietnam, which includes jet fighters, tanks, armored personnel carriers and air transports that are largely out of commission, is estimated at \$5 billion. Nearly 1.6 million rifles and 130,000 tons of ammunition were seized by the Vietnamese Communists when the Saigon government fell, according to the Pentagon.

"The equipment is largely a burden and most of it is rusting," an authoritative source said. "The Vietnamese don't have the supply pipeline to keep it going. On the surface it would seem like a great asset—a way of obtaining foreign exchange—but political considerations seem to have overruled any sales."

2d Anniversary Celebrated

BANGKOK, May 1 (AP).—Vietnam yesterday marked the second anniversary of the fall of Saigon to Communist-led forces with rallies, special newspaper supplements and broadcasts lauding the country's "great successes."

Hanoi's official Voice of Vietnam radio, monitored here, said thousands of persons attended a rally in Hanoi's Ba Dinh Square to hear speeches by Communist party and government officials.

Italy Suspends Habeas Corpus For Terrorists

ROME, May 1 (NYT).—The Italian government has suspended the right of some prisoners to be freed pending trial if their case has not been brought to court within maximum time limits.

The decree, announced yesterday, follows the killing in Turin Thursday of a lawyer who was to serve as court-appointed defense counsel for members of an extreme-left terrorist group known as the Red Brigades. The murder was believed to be a delaying tactic to permit group members' release pending trial. The trial is to start Tuesday.

Fulvio Croce, 76, shot several times at close range, was scheduled to defend 53 members of the Red Brigades accused of terrorist activities and put under preventive detention three years ago.

Trial delays caused by a backlog of about 2 million court cases have led to the release of thousands of accused criminals under a 1974 provision limiting detention without trial.

Groups have used delaying tactics to take advantage of the 1974 provision, disrupting courtroom procedures, insulting and firing lawyers, refusing to accept court-appointed lawyers. They have also threatened the lives of witnesses and lawyers.

U.S.-Mexico Pact On Convict Swap May Be Delayed

WASHINGTON, May 1 (NYT).—Potential constitutional difficulties with a five-month-old treaty that provides for an exchange of prisoners between the United States and Mexico are threatening to delay further its ratification by the Senate and to cause a legal tangle in U.S. courts if the treaty ever takes effect.

Justice Department lawyers, who have worked since late last year drafting legislation to implement the treaty, now say they believe they have resolved the thorniest of the provisions which would deny returning Americans a chance to challenge their Mexican convictions in U.S. courts.

But the department's legal draftsmanship will still have to be approved by the House and Senate Judiciary Committees and some civil rights lawyers believe that further modification of the treaty itself may be required by the Senate Foreign Relations Committee.

A Justice Department official said this week that the draft legislation needed only to be approved by Attorney General Griffin Bell before being sent to Congress, where it should arrive in a few days. But a Senate aide retorted that the department had been promising speedy delivery of the legislation since January.

In interviews and in letters sent to friends and families in the United States, many of the prisoners have alleged that they were arrested and searched in Mexico in a manner that would have violated U.S. constitutional standards or that they were tortured or otherwise coerced into signing confessions. The principal question, according to Joel Gora, the acting legal director for the American Civil Liberties Union, is whether anyone can be confined in an American prison, having gotten there through methods that violate the American Constitution.

Senate Unit to Probe 'Vanished' Uranium

WASHINGTON, May 1 (AP).—The Senate Select Committee on Intelligence, concerned about the spread of atomic weapons, will investigate reports that 220 tons of uranium vanished from an ocean freighter nine years ago and ended up in a nuclear reactor in Israel.

According to published reports, the uranium probably is being used to fuel a power plant in the Negev Desert that produces enough plutonium each year to build a bomb of the size dropped on Nagasaki. "The committee is interested in asking concerned agencies what they know about these reports," a source said.

Sen. Griffin to Retire

WASHINGTON, May 1 (AP).—Sen. Robert Griffin, 53, R-Mich., has announced that he will not seek re-election when his current term expires in 1978. He has served 22 years in Congress.

Research Sheds New Light on Mysterious Ways of Bats

By Lena Williams

NEW YORK, May 1 (NYT).—A professor of biology at Cornell College has disputed long-held theories about the mysterious ways of bats and has shown through scientific experiments that bats do not use echolocation to determine direction.

Dr. Julia Chase, who has spent the last 10 years studying bats in the caves of Trinidad, says that bats do not use echolocation to determine direction. She says that bats use a sense of direction that is not based on sound.

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Bond Market Record Volume Is Absorbed With Some Strain

Of the issues just announced, three are particularly noteworthy: Hongkong Land Co. is inaugurating a new currency—the Hong Kong dollar; Union Bank of Switzerland has decided to go ahead with its convertible despite the troubles plaguing Credit Suisse and the resultant upset to the value of Swiss bank

The requirement that subscriptions be paid in U.S. dollars is apparently designed to skirt the withholding tax on interest payments that Hong Kong imposes. Union Bank of Switzerland is back with its second convertible issue in 12 months. It is raising

A month ago, before the news of Cr dit Suisse's losses at the Chiasso branch, the share prices of Swiss bank shares were all higher. UBS was then trading at 3,395 francs, which at the

Washington Forecasts Are Surprisingly Dan

The U.S. economy might not be roaring quite as loudly as it was a month ago in the catch-up phase after winter's damage but the decibels are not much lower. Virtually every sector—even the trade and payments situation—is quite good and showing promise of remaining strong at least through the balance of the year.

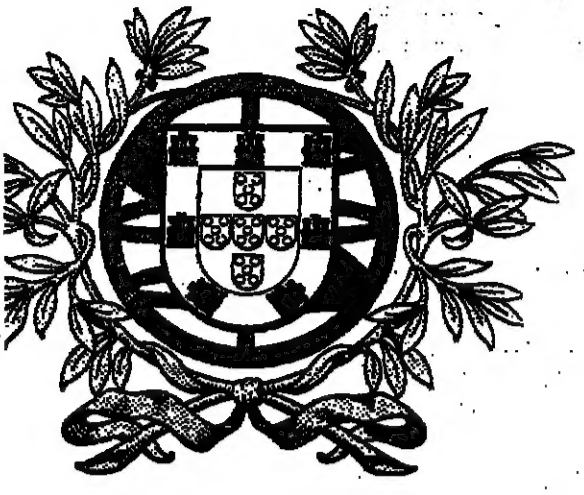
The general market on Friday report from Washington and Chicago developments. The good news was that its index of leading economic indicators in March for its largest gain in 1964. But Wall Street was concerned to tighten credit in the money market which had been at 4 3/4 per cent last Friday, indicating that the Federal Reserve Board prices, as a result, moved

over moves by the Federal Reserve markets. The federal funds rate, until recently, edged above 5 per cent and was tightening its policy, and downward.

But Wall Street was concerned over moves by the Federal Reserve to tighten credit in the money markets. The federal funds rate, which had been at 4 3/4 per cent until recently, edged above 5 per cent Friday, indicating that the Fed was tightening its policy. Bond prices, as a result, moved downward.

Except for the latest figures, which appeared worse than they really are, all of the economic data have been encouraging.

[illegible]



Production Step-Up pite Fear of Bankruptcy ew Sense of Confidence

By Jose Shercliff

(LISBON)—Despite the bankruptcy which has hit every sector of the economy today, more and more are appearing for the beginnings of a step-up in national production. In the first three months of this year, there was a perceptible increase in production and a growing confidence among Portuguese employers abroad which is leading them to increase their remittances into the country. The economy is contending with lack of investment, rising industrial overheads, including workers' wages and the cost of raw materials, rising imports and slack exports. Imports increased 28.5 per cent between 1975 and 1976, whereas exports only increased 11 per cent.

A little more than a month before Portugal was accepted by the nine members of the EEC as an applicant for membership, the Portuguese government, which had been working out a general economic plan to cover the period 1977 to 1980, announced a series of restrictive measures to curb expenditure and bring in revenue.

At the same time, the Minister of Finance, Dr. Henrique Medina Carreira, warned the country over the television network that it must change its way.

(Continued on Page 16.)

This Section

This supplement was written by James Goldsborough, David Haworth, Jose Shercliff and Robert McCleughlin.

The escudo was worth 33.62 to the dollar on Friday. One thousand escudos equals one conto.

Setback

The most serious setback to the government's economic policy is the failure to quell the Communist-led strikes and get back onto its feet. Unemployment is rising and higher wages play a role in both public and private. Another setback is the failure of the government to get back onto its feet. Unemployment is rising and higher wages play a role in both public and private. Another setback is the failure of the government to get back onto its feet. Unemployment is rising and higher wages play a role in both public and private.

The Outlook for Portugal

The Nation Stirs Under a 'Recuperation' Program

Soares Talks of His Plans, His Vision

By James Goldsborough



Premier Mario Soares

LISBON (UPI)—Portuguese Premier Mario Soares heads a minority government that, as he says, only stays in power because it is not in the opposition's interest—yet—to bring it down. Still, how long it can last, given Portugal's very serious economic problems, is anybody's guess.

Yet Mr. Soares indefatigably goes on, flying around the world as a kind of one-man band trying to drum up support—and money—for his newly democratic nation. The day of this particular interview, he had just returned from a nine-nation tour of the European Economic Community, and was off for Norway the following day to talk about fishing and Norwegian aid.

Just two weeks ago (April 20), he was in New York to discuss aid totaling \$1.5 billion from various sources to help return Portugal's balance of payments to the black within five years. The balance of payments has slipped into serious deficit since the revolution of April 25, 1974, as wages went up, businesses were taken over and many foreign markets lost.

At present, the Soares government is embarked on a delicate program called "recuperation," which means bringing the economy back into order following the excesses of the early revolutionary period. The Portuguese do not apologize for what was done, they simply point out that they went too far in their exuberance, and now must straighten things out again.

As Mr. Soares says in the interview, "These are difficult times to be in the government. 'To be a Socialist and to have a Socialist government at the very moment when everything possible must be done to redress the national economy—policies that are perhaps unpopular and undemocratic—is difficult and represents tremendous sacrifice.'"

Yet he remains convinced it is possible, even if it is not possible alone. Portugal is looking today to its friends, the United States and Europe in particular, to help with the costs of transition. Mr. Soares reasons that it is the EEC's solemn duty to admit Portugal within a very short time, if economic chaos and political reaction are not to swamp the new democracy.

He was encouraged by his trip through the European capitals. He found encouragement for Portugal's EEC candidacy in all those countries where he expected to find it, and some, such as France, where he did not. But he knows that for Europe to admit Portugal, it must put political considerations above economic ones, and that is never easy.

The entry of new nations into the EEC, of Portugal, Greece and eventually Spain, is going to transform the EEC, which will lose some of its political coherence. The new nations may either change the EEC into what many have feared it was becoming anyway—a mere free-trade area—or separate it into a two-tiered community, of the richer and poorer, the north and the south. For the EEC to absorb the new nations and come out stronger will take a great act of political will, a quality the EEC never has demonstrated in large supply.

Preparing for Entry Into the EEC

By David Haworth

BRUSSELS (UPI)—When Britain announced in 1961 it intended to request admission to the European Community, it was economically obvious that Portugal, in view of its trade relations with the United Kingdom, would not be able to stay wholly outside an enlarged EEC.

The renewed British candidature in 1967 led the Portuguese government to send an aide-memoire to the EEC commission in which it emphasized "its desire to participate from the outset in any negotiation aimed at an arrangement regarding trade and technological and scientific cooperation."

The negotiations between Portugal and the community were completed in July 1972. The agreement's aim was the progressive setting up of a free trade area for industrial products between 1973 and July 1977. It differed from the other third-country agreements, partly by the inclusion of the section on agriculture and partly, also, in relation to industrial products, by giving Portugal and Portuguese industry a longer interval for adaptation to the removal of tariffs.

The deal also contains an "evolution clause." Portugal attached great importance to this, since it looked to the possibility of extending the scope of the agreement. If the economic interest of the two partners should require the extension into other fields of the relations set up by the agreement, either Portugal or the community may submit to the other a request to this effect.

Two Protocols

In January 1976 the EEC Council of Ministers approved a mandate for the enlargement and extension of the 1972 free trade agreement with Portugal. The negotiations were completed last June with the initialing of the two protocols to the 1972 agreement.

The first protocol includes higher export ceilings for Portuguese textiles, improved access for Portuguese wine and horticultural products, industrial and technological cooperation, the extension of the community social security regime to Portuguese workers and their families resident in the community.

The second is a financial protocol which will allow the community to continue its aid to Portugal after the emergency aid program has been completed at the end of this year.

This, then, is the diplomatic background for the mouthpiece of the Portuguese Premier, Mario Soares, to all nine capitals of the European Community. This hectic tour culminated here and with Mr. Soares's expected announcement that Portugal would quickly apply formally for EEC membership.

Two weeks later the application was made: It was immediately given to the European Commission, whose job it now is to produce an "opinion" on the application. It is unlikely—despite Portuguese impatience—that this will be ready before early next year. On the basis of this document the EEC Council of Ministers will begin in earnest negotiations with the Portuguese government.

There is every expectation in the Common Market capital that the talks will be prolonged and complicated. While no one doubts that they will have a favorable outcome for Lisbon, they could be much more protracted than the Portuguese would prefer.

(Continued on Page 9.)

Government Soothes Private Industry in an Effort to Woo Investment



Sorefame's heavy machine plant.

Little chance of expanding. Many are too small and undeveloped to be effective and have been especially vulnerable to political storms.

Burdened by an alarming balance of payments deficit, Premier Mario Soares and his planners are now relying on export industries to lead the economic recovery. This puts the load squarely on the private sector which, with some 3 million workers, accounts for 70 per cent of the gross national product and some 95 per cent of the country's exports.

Soothing private industry has been the government's chosen task in an effort to win back domestic and foreign investment and get exports moving again. "It is clearly trying to create an atmosphere that will give investors confidence," says José Manuel Morais Cabral, deputy director of the Confederation of Portuguese Industry. "There must be some doubt about the ability of a Socialist government bound by a progressive Constitution to return to orthodox market policies, but we are encouraged by the trends."

A recent measure will permit the revaluation of assets, tax free. Special aid has been promised to help firms deal with heavy import bills and transport costs, and more, to provide easier credit, although generally this has yet to be translated into action.

Crippling Burden

Another development is the end to state intervention in about 300 small and medium-size firms now being run by workers' committees, usually, though not always, at a severe loss. Several have already been returned to those owners who are prepared to take on what in many cases will be a crippling financial burden, while others are being wound up completely.

A medium-term plan in the state sector is meanwhile nearing completion. Over the next four years the state is to invest heavily in new projects that will exploit rich mineral deposits and create badly-needed infrastructure, energy sources and irrigation schemes.

The kingdom of the plan continues to be the massive industrial complex being constructed at Sines, 100 kilometers south of Lisbon. Transshipment operations are planned with a deepwater port offering facilities for tankers of half a million dwt. This will be operational next year, together with a giant oil refinery designed to process 10,000 tons of crude per year.

The oil will serve primarily to meet the needs of a big new petrochemical complex now under construction on the same site; a steam-cracker unit is to begin functioning within two years, producing 300,000 tons of ethylene annually.

Giant Terminals

A heavy-metal plant for railway freight trucks is to come into operation shortly, and a steel mill and giant terminals for grain, minerals and fertilizers are also planned.

Conceived during the world tanker-boom, the project has come in for a storm of attack as the monopolies that started it left private hands. Political pressures coincided with the world recession, which made the sheer size of the undertaking seem absurdly ambitious and, from a social point of view, not especially profitable. With a global investment of over 100 million contos, no more than 25,000 jobs are expected to be created in the medium term.

The doubts have not been overcome but the government has decided to press ahead, arguing that to cancel or cut down the project would be more ruinous than to continue.

Besides the basic projects, unlimited space, new infrastructure and ready access to raw materials will make Sines a focal point of development over the next decade. Land or factories will be rented to companies, domestic and foreign, with easier credit facilities, creating an estimated 12,000 extra jobs.

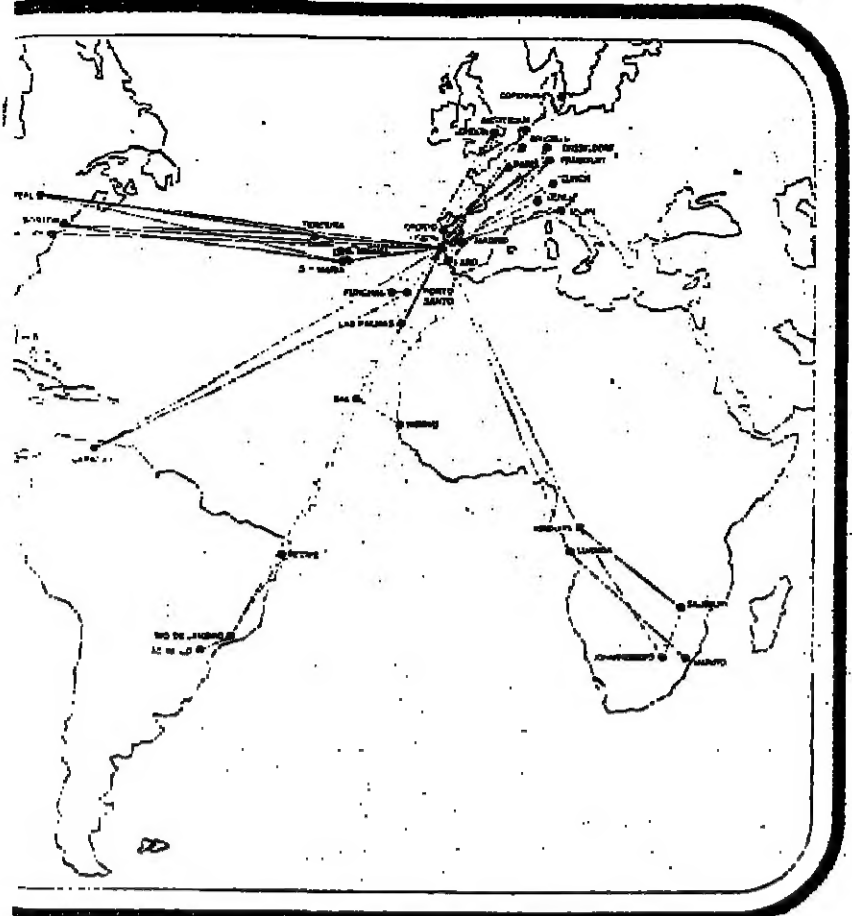
Slowly but surely, the planners say, industry is recovering confidence and momentum. The will, the understanding and some of the money is there, but nevertheless it will be some time before they can take effect.

Q—Are you closer to Eurocommunism than Cunhal?

(Continued on Page 9.)

ALL THE WAY AWAY... WITH TAP

FROM 33 CITIES ON 4 CONTINENTS



TAP

THE AIRLINE OF PORTUGAL

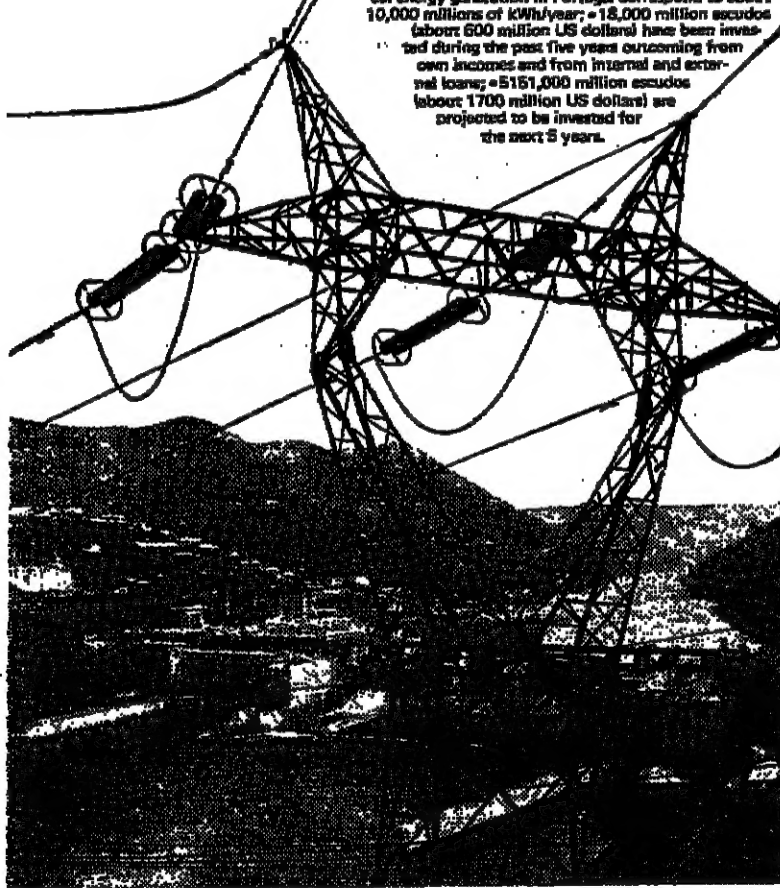
"We're as big as an airline should be"

Electricidade de Portugal - EDP

PORTUGAL

State-owned company operating the public utility services of generation, transmission and distribution of electrical energy in order to promote and to meet the demands of social and economic development of the population of the Continental Portugal.

- 12,500 workers; • 41 hydroelectric power plants under operation, and 5 under erection and 4 thermal power plants under operation and 2 under erection which correspond to about 3,800,000 kVA of installed capacity; • 184 substations with 6,500,000 kVA capacity; More than 3000 km of 150 and 220 kV transmission lines and about 399 km of 400 kV lines under construction; • Distribution of electrical energy all over the country, more than 2,500,000 meters having been installed to give satisfaction to industrial, commercial, domestic and agricultural consumption; • Nearly 95% of the total electrical energy generated in Portugal correspond to about 10,000 millions of kWh/year; • 18,000 million escudos (about 600 million US dollars) have been invested during the past five years originating from own incomes and from internal and external loans; • 5181,000 million escudos (about 1700 million US dollars) are projected to be invested for the next 5 years.



A PORTUGUESE INDUSTRY GEARED TO THE WORLD



- 1 - ROLLING STOCK
- 2 - OFFSHORE EQUIPMENT FOR OIL EXPLORATION AND PRODUCTION
- 3 - EQUIPMENT FOR THE CHEMICAL AND PETROLEUM INDUSTRIES
- 4 - ELECTROMECHANICAL EQUIPMENT FOR HYDROELECTRIC AND THERMAL POWER STATIONS, ICEBERG, AND ROLLERS
- 5 - DRYDOCK EQUIPMENT

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Soares Talks of His Plans

(Continued from Page 7.)

A—No, because I am not a Communist; I am a Socialist.

Q—No, but I remember that Spanish Communist party leader Santiago Carrillo always said that he came here to see you and not Cuba.

A—That is because we have the same ideas on a liberal atmosphere for Portugal and Spain. Both must evolve in a completely democratic framework of political democracy and not accept a transition toward Socialism by a violent minority. Carrillo knew that if Cunha won in Portugal, that his party would never have had a chance to be legalized in Spain as it has a chance to be now. So Carrillo is vitally interested in our victory, that is to say the victory of democracy rather than a Communist coup in Portugal like the one in Russia in 1917. Because that would only have reinforced the right throughout Europe. There would be convulsions on the right, throughout all of Europe.

Q—What about NATO? At what point does the Socialist evolution, the evolution of the left in Portugal become incompatible with NATO?

A—At no point, because the Socialists have always said that NATO is necessary for the defense of Europe. As long as the Warsaw Pact exists, coupled with the military mobilization that exists in Eastern Europe, it is evident that the West must maintain NATO. For that reason the government of Portugal is faithful to its engagement vis-à-vis NATO, and it will rest faithful to this engagement. That is a main point of our foreign policy.

Q—Are you among those who believe that the two military blocs should gradually disappear?

A—I am in favor of negotiations for the reciprocal dismantling of the military blocs.

Q—And Spain in NATO? Do you think it is a good idea?

A—If Spain is a democratic country, there is no reason why it should not be in NATO. For the moment Spain does not have democratic institutions.

Q—What is the relationship between Spain and Portugal? You have still not gone to Madrid.

A—No, I have still not gone to Madrid, but I had the pleasure of receiving Mr. Soares here. He made a very important trip to Portugal. We look with great sympathy upon the efforts of Mr. Soares to democratize Spain. And we have non-ideological relations between the two governments that are good relations based on the idea of being good neighbors. We considered, even during the Franco regime, that it was necessary to have cordial relations and mutual respect between the two governments.

Q—Do you have any information on what is happening in Zaire, particularly between that country and the former Portuguese colony of Angola?

A—It's a very complex and preoccupying situation. It is necessary that the conflict be ended as fast as possible and a solution found to get the arms out of this region of the world. For if not, there is a good chance that this region could become another Vietnam, and that must be avoided.

Q—What about the Brazilian presence in Angola, is that a good thing? In Mozambique as well?

A—I think it is a bit strong to speak of a Brazilian presence. Brazil had the wisdom, in my opinion, to recognize the independence of Angola, and to establish normal diplomatic relations with Angola. It is a good thing.

Q—Let's touch on the political situation here. How long do you think you can govern with a minority government?

A—You know that is a question that only foreigners are preoccupied with, not the Portuguese.

Q—Why?

A—I was just questioned in the assembly, for example, and received a strong defense from an opposition party, because the opposition knows that it cannot constitute a government without the Socialist party unless, that is, they ally themselves with the Communists. And neither are the Communists interested in bringing down the Socialist government because they know very well that if the government falls the probable evolution would be toward the right. There is no alternative to our government, and so I am convinced that it is a government of legislature. We not only have the confidence of the president of the republic, but we do not have the mistrust of the assembly. The opposition parties have not found a platform to bring us down. It is evident that the government is going to continue, and easily.

But I will tell you honestly, this creates great problems in my own party. Because we are in the process of creating national policies that demand great

sacrifice, and that is very difficult for a party. One must have great national dedication to accept such a situation. To be a Socialist and to have a Socialist government at the very moment when everything possible must be done to redress the national economy—policies that are perforce unpopular and undemagogic—is very difficult and represents tremendous sacrifice. It signifies above all the ability to put the interests of the country above the interests of the party.

Q—The "Social Pact" between the government and the labor unions, do you think it is going to work? Are the unions going to accept it?

A—Until now the "Social Pact" has worked in an implicit way. But it has to work in an explicit way, with real negotiations between the government and the unions.

Q—Is the economy recovering or is it still falling?

A—It is recovering, not yet in a dazzling way, but there is a slow recovery. The confidence of investors, both foreign and domestic, is returning. Remittances from Portuguese workers abroad have risen 70 per cent in the past six months and tourism returns have gone up 55 per cent in the past six months. With these indications there is certainly an upward movement. The gross national product should increase by 5 per cent.

Q—A historical question: What were the causes of the Communist party's loss of support beginning in late 1975?

A—It was a popular mass movement that salvaged the whole country and which was led by the Socialist party. The people understood that they were on the brink of falling under a Communist dictatorship. They already knew what a dictatorship was, not a Communist but a Fascist dictatorship, and they didn't want it. So there was a civic uprising from the north to the south. We Socialists abandoned the government, entered into opposition, and began a powerful movement that led to a split within the army, which up to then was almost completely in accord with the evolution toward Communism. The Communists were beaten, first in the streets, then in the elections and finally in a military push that they wanted to start on November 25.

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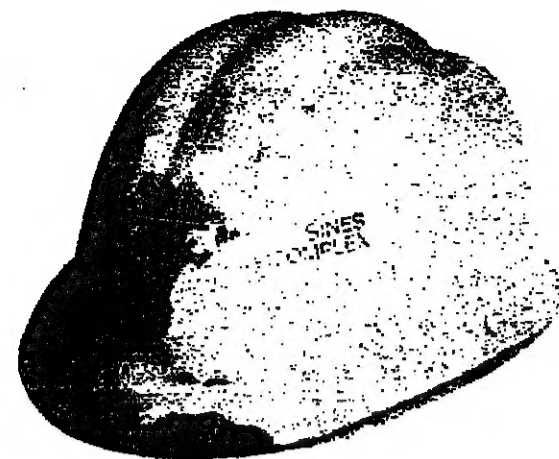
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SINES COMPLEX, a gateway to Europe. Major Oil Terminal, Ore Terminal, General Cargo Terminal, fishing harbour.

October 1977: berth for tankers up to 130 000 d.w.t.
December 1977: berth for tankers up to 300 000 d.w.t.
December 1978: berth for tankers up to 500 000 d.w.t.

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Economy: Despite Fear of Bankruptcy, a New Sense of Confidence

(Continued from Page 7.)

of life, have done with the spending spree upon which it has been engaged, and settle down to hard work, sacrifice and production.

The government austerity measures, for the most part in operation, include drastic cuts in the importation of unessential and luxury goods, high customs duty on such of them as are allowed in, freezing of the price of a series of basic household commodities designated "the market basket," an increase in the bank rate, and a new issue of

14-per-cent Treasury Bonds to encourage saving.

The "market basket," which has been designed to help the living conditions of the average Portuguese family, includes such goods as bread, flour, rice, sugar, cooking oils and fats, milk products, certain types of frozen fish and meat, sausages and soap. The question of enlarging the list to include such things as household fuels, etc., is under consideration.

Among the economy's adverse figures announced by Dr. Medina Carreira was an external debt of 130 billion escudos. At the end

of 1976 this debt totalled 15 per cent of the gross national product. There was a 63-per-cent growth of the deficit in the balance of payments between 1974 and 1976, and 15 per cent between 1975 and 1976.

Again, between 1975 and 1976 imports rose from 90 billion escudos to 123 billion, while exports only rose from 49 billion to 55 billion.

He pointed out that the country is still far from the 1974 tourism revenue figure. Exports do not even pay for half the country's imports, investments are exceed-

ingly low in view of the need to absorb labor and to produce. Consumption is far beyond the country's means, and there is a profound imbalance in both public accounts and those of business.

It is now reported that the text of the government's 1977-80 Economic Plan is virtually ready for discussion by the Assembly of the Republic.

The plan's basic aims are to encourage savings, step up production, for export, cut down home consumption, find new markets, encourage both home and foreign investment in Portugal,

and revitalise flagging sectors of industry and commerce such as agriculture, fishing and canning, etc.

For this the country must resort to both home endeavor and foreign aid.

In the home sector come the launching of new Treasury Bonds, at a more favorable rate of interest, the austerity measures to reduce irrational home spending, an expansion of foreign markets through better service, and the launching of a public loan of at least 10 billion escudos.

Concomitant with these measures the government intends to implement freezing of the price of essential commodities and maximum salaries while bringing up to date the salaries of public servants, a hitherto neglected class. The present minimum national wages of town and rural workers are also to be brought in line with the increase in the cost of living, as well as the pensions scale.

A special savings program will be encouraged by a new form of public credit announced by the Public Credit Junta. It is to launch a type of "life-income" certificate which will be valued as the gross national product changes, and a new type of savings certificate.

The most rapid increase took place in the last half of 1976, which showed a 70-per-cent improvement over the same period the previous year. It is not possible yet to obtain a global figure for the first quarter of 1977, but partial bank reports show further increases. New encouragement is being given to emigrants to send their money home. Recent government measures allow them a good percentage on investments in Portugal and credit facilities for buying land and building here.

Temporary aid to the Portuguese economy is of course available from foreign nations. This aid is a bone of contention between the Socialist government and the Communists, who insist that foreign aid is undermining Portugal's independence. It takes two forms—monetary and technical. The monetary aid in turn

entered into its first phase of production.

"We hope eventually to recover our output, but I doubt if we shall," Dr. Constâncio says. "The price fixed with South Africa is very low, and we do not know if revision of this is possible."

One of the more cheerful signs noted within recent months is the rise in the influx of emigrant workers' remittances. These, with tourism, had been the country's two most valuable sources of revenue during the latter part of the last regime. These remittances increased from around 27 billion escudos in 1975 to around 29 billion in 1976, according to Dr. Constâncio. This succeeded a post-revolutionary decrease.

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may be divided into gifts, loans and forthcoming from States, from the EC and members of EFTA, from Scandinavian countries, from Britain. Some credits are already in place. Others are pending. The European Bank, the World Bank and state banks of many countries and States are involved programs.

A man and a woman in tiling the soil for the production aid are Dr. José V. Reis, the dynamic minister, and his team Dr. Medeiros Ferreira, modestly that he has played a part in foreign aid for Portugal.

He told the Herald that he was to find out in the future it would be possible to obtain financial aid, at over the pertinent negotiations to the authorities of the I tugal and the Finance, while giving support. That in this field the Ministry of Foreign Affairs, the outcome of which is that of the whole external Portuguese state, the minister of finance officials have also been trying results in the foreign aid.

European Investments in Portugal

Investment plans essential for Portuguese integration into the European Economic Community must be made on the basis of two existing goals.

Our country has clearly made its political choice and our future EEC associates have spoken unambiguously.

Declarations of good intentions are not sufficient by themselves to make separate economies complementary or to achieve a harmonious union between evolving societies. Long-term plans and decisions based on what we have and are must follow if we are to attain our goals and achieve what others expect of us.

Portugal can no longer postpone indefinitely its choice of sectors, models and methods. We cannot simply wait for our integration into Europe to take place, with its natural socio-economic consequences. Nor can we consider our integration to be just the addition of our specific problems to the Community's general problems.

Our integration into Europe starts today. We will consider the needs of the community in planning the use of our resources so that our association may contribute actively to building the future Europe. Helping Portugal in this direction will contribute to a more human Europe by helping a country to express its maturity.

We will not arrive empty-handed. We have companies that have come through uncertainty and crisis because they were planned on a continental scale and adapted to current community needs. Certain prominent companies are defending European interests on an international scale. These include companies with private and foreign capital backing as well as state participation.

An example is LISNAVE (40% Swedish and Dutch capital) and SETENAVE which together represent the world's biggest naval repair center. More than 20% of the world's repairs on super oilships are made in their shipyards.

Another example is CELBI, a manufacturer of eucalyptus paste with an average annual production of 150,000 tons. Swedish Billerud, which holds 72% of the capital invested, found cooperation with Portuguese industry to be both convenient and stimulating. They commercialize more than 65% of the paste produced on foreign markets.

All these projects are correctly viewed in terms of our integration into the European Community, as well as our resources and the possibility of using foreign capital and technology. This is the primary direction that should be taken in community investment plans in order that Portugal may become a useful and helpful partner in the Europe of the future.

These were the factors which led us to re-analyze our Foreign Investment Law and adapt it to the general rules of the OECD. We are doing what is necessary to encourage foreign investors. We hope that they will take the next step.

Ministry of Planning and Economic Coordination.

Trade

The foreign trade situation is, of course, still an outstanding preoccupation of the Portuguese government. The country cannot bear the drain of an acknowledged 73-billion-escudo deficit which was announced in March. Yet, there are light patches amid the gloom. A total of 51.5 per cent of Portugal's exports went to EEC countries and 41.7 per cent of Portugal's imports came from those countries. An outlet for Portugal's naval construction products—ships and boats, pontoons, floating docks and cranes—proved profitable last year, and brought in more than 1 billion escudos. Belgium, Greece, Turkey, Latin American countries, Spain, the United States and Arab countries are among the customers.

The Portuguese revolution has been kind to the port wine trade, whose exports last year totaled more than 1.7 billion escudos. During the first nine months of last year the export of paper pulp and cork products topped well over the 21-billion-escudo mark, while cotton goods and clothing were each over one billion.

The government has decided upon the creation of a Foreign Trade Council to study the means of stimulating and developing foreign trade and obtaining new markets. Youthful and energetic Dr. Vitor Constâncio, one of two newly appointed vice-governors of the Bank of Portugal, takes a reservedly optimistic attitude to his country's present economic condition.

He did not see any need at the moment for any further devaluation of the escudo, after the 15-per-cent devaluation which took place in February. He pointed out that its full effect cannot yet be estimated, however. "There is always a time lag after devaluation," he said, "and in the months immediately after devaluation the situation becomes worse. This is important, for the real effects only begin to be felt after that, and it is only then that one can tell. There is no need for further revaluation at present." He admitted that the volume of exports suffers, and that a "deterrent effect" is at present being felt in Portugal.

Some managers feel they are still fighting a war, and expect salvation only with the advent of a more right-wing government. The wiser ones have learned to adapt their planning to higher wages, reduced working hours and longer, paid holidays. They have been rewarded with fewer strikes, an easier working relationship with workers' committees and a drop in absenteeism from a peak of 20 per cent working hours lost in June 1975 to a present average of 8 per cent.

For smaller firms geared to cheap labor the adjustment has been difficult. But compared with the rest of Europe, workers' demands have been by no means excessive and wages are still significantly lower than in most other Western countries.

Eighty-five per cent of the union leadership is dominated by the Communist party through the militant Interindustrial/CGTP (Confederation of Portuguese Workers). But the ruling Socialists believe that most workers are non-Communist and are determined to create a system which would be guaranteed to operate independently.

Investments

Dr. Constâncio did not see any significant improvement in the investments situation, but he said that both new West German and United States firms are making surveys in Portugal with a view to investment. German sources here speak of interest by Krupp in mounting two cement factories here.

As for Portuguese investments abroad, the government has acted as guarantor for foreign credits contracted by the former African colonies of Angola and Mozambique. An outstanding case of this is that of the Cabora Bassa Dam, which is harnessing the waters of the Zambezi River in Mozambique with a view to supplying cheap power. An agreement signed with South Africa during the previous regime fixed the price of this power as the lowest on the African continent. An understanding has now been reached between Portugal and independent Mozambique by which a new Portuguese-owned company, the Hidro-eletrica Cabora Bassa, S.A.R.L., has been created to exploit the project, which recently

Unions Adapt to Uneasy

LISBON (HRT)—After a period of open warfare, workers and management have settled down into a period of uneasy harmony. The left-wing press daily laments encroachments on hard-won workers' freedoms, while right-wing politicians denounce leftist plots to undermine the nation's economy with strikes. But life has moved on since the days of revolutionary fervor and in fact there are signs that the old antagonisms are beginning to wear off.

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Condemnation

This has aroused bitter hostility from workers' leaders, who are also strongly opposed to the government's withdrawal of support from worker-controlled enterprises. That, together with the fact that wages are pegged to 15 per cent rises while prices are way beyond, has brought vigorous condemnation but significantly little action.

"We don't want to bring down the government, but that doesn't mean we won't fight against measures which reduce workers' freedoms," says Carlos Carvalho, an Inter-CGTP leader.

Managers applaud the government's attempts to rehabilitate private industry and a growing number feel sure that ordinary workers have accepted the need

for higher production and industrial peace.

But they are not their own way. They have yet to settle the worker participation a progressive Communist government appears to weigh this in favor, with information being required from

Jobs

The matter of jobs is far more serious than 500,000 of Portugal's population, and a half million of them are unable to find work. The country is suffering a crippling 15-per-cent rate, the highest in Europe.

With benefits of minimum wage (€180 per month), the barely enough to survive, before this year's production is creating tensions which show a gradual increase of.

Emigration has been in the past and of Mr. Soares has promoted Portugal's unemployed dumped in other countries if it joins the instead be channeled to Venezuela, Canada, the old colonies. One of these are reluctant but the most skilled in Mozambique are such that still returning to Portugal the reverse.

The problem is worse, in spite of attempts to create 400 the next two years. As it is, 126,000 of colonial refugees—of 000 that arrived after in the former Africa and who have failed into a saturated job

Impressive effort made to create jobs, the refugees are left in Africa, catering, trade scale manufacture schemes based on third of which was refugees. But in numbers and the price the economy there is that the problem can't until beyond 1980 at



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Banks: Looking for New Investments

Shercliff

The thin end to nationalization in Portugal was under 1974, when decided to nationalize the country's three banks. These were the Banco Nacional, the Banco do Fomento Nacional (National Development Bank), the bank of the Azores, and the bank of Madeira. In not yet been African colonies, were linked to the country. Today, the Bank of Portugal's role, Macau, is self from the ally itself with dollar and by facas will have mission.

the first decree by the newly formed nationalized banks, in Madeira and only banks to insure was not be three foreign in Portugal—and Brazilian, as credit institutions.

nationalization of the banks, the then Prime Minister, the through a period of the ultra-left. The political of the banks, under Communist employees, slightest right—were eliminated—“safe” directors. Credits were not any proper. This lasted

saw a complete political scene where were the re-establishment of sectors. The national Government under the prime minister José Pinheiro. Banking took after, new admin-

One of the important focal points in the Portuguese banking system is the Banco de Fomento Nacional (National Development Bank). This institution specializes in investments in industry and, according to official sources, its activities are now expanding. The Portuguese commercial banks only give short-term credits. However, the sector of investments has not significantly recovered since the revolution, and there is a general lack of demand for it.

istrators were appointed, and banks began to make sizable profits. A new era began.

Nationalization

According to Dr. Vítor Constâncio, one of the two recently appointed vice-governors of the Bank of Portugal, the nationalized banking system is now working well, and the banks are once more efficiently managed. He considers that there is no reason for denationalization in this sector.

Since the nationalization of the banks there has been a tendency to amalgamate certain small banks with larger ones. Dr. Constâncio does not think that this policy will be pursued further, however.

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according to official sources, its activities are now expanding. The Portuguese commercial banks only give short-term credits. However, the sector of investments has not significantly recovered since the revolution, and there is a general lack of demand for it. This has endowed the banks with high liquidity, and they could use more investment demands in order to regulate this situation. The Caixa Geral de Depósitos (General Depository Fund) has such a high liquidity position that it is re-financing medium-term credits made by other institutions in order to absorb its surplus.

Official figures show that state investment in nationalized firms and companies controlled by the public sector equals 28 per cent of national production, 55 per cent of capital formation and 28 per cent of employment. The cost of supporting bankrupt, new-papers alone is costing the state 50 million escudos a month.

An announcement has been

made that the Bank of Portugal was discussing a new credit policy, one more in line with the government's austerity program. It is geared on restricting hitherto available credits for the purchase of what are officially considered nonessential consumer goods.

Banks were the outstanding purchasers of the government's issue of Treasury Bonds last year. Together with industry they bought 5 billion of the 9 billion worth which were sold.

Stock Exchange

Insurance companies in Portugal do not pursue the intensive policy of backing popular endeavor to the extent they do in such countries as Britain. This includes the widespread granting of credits to such constructive sectors as real estate, housing, and education. In the last few years of the former government they were active on the stock exchange, largely investing in securities. With the changed activity of the stock exchange since the revolution they play less in this field. Nevertheless, alongside the 41 Portuguese insurance companies operating in Portugal today, there are a further 31 foreign companies.

The Lisbon Stock Exchange was closed down after the 1974 revolution and was only reopened last year. Its activities on reopening were restricted to the negotiation of bonds. In February of this year the exchange's activities were extended to the negotiation of shares. Business has not yet proved to be very brisk, however, but the shares of about a dozen private companies are negotiated. The large companies whose shares were negotiated in the old days are now, of course, nationalized.

In spite of slack business on the stock exchange bankers consider that the exchange has a future, once industrial investment is normalized, and that it will prove to be of use to new firms in raising capital. On the whole, however, it is difficult for a really brisk and effective stock exchange to emerge in a small country like Portugal. Under the former regime it flourished through a speculative situation, because prices were built up artificially, and it was easy to have a rigged market.

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ated board.

SOCIEDADE INDUSTRIAL DE CELULOSAS, SETUBAL
e bioxyde bleached sulphate softwood pulp;
e bioxyde bleached sulphate hardwood (eucalyptus) pulp;
paper;
ated board.

—CELTEJO CELULOSE DO TEJO, RODAO
Unbleached softwood pulp;
Unbleached hardwood (eucalyptus) pulp.
—CELNORTE CELULOSE DO NORTE, VIANA
Kraftliner.
—CELULOSE DO GUADIANA
Corrugated board.

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—Bleached pine pulp	14,000 " "
—Semi-bleached eucalyptus pulp	15,500 " "
—Bleached eucalyptus pulp	132,000 " "
—Paper (kraftliner, bags, fluting)	55,000 " "
—Linerboard paper	136,000 " "
—Corrugated board	107,000,000 m2 p.a.

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